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# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## Gang in £4m bullion hijack

A gang armed with sawn-off shotguns stole silver bullion worth nearly £4m yesterday. A man dressed as a policeman waved down the lorry carrying the bullion on the A13 near Barking, Essex.

When it stopped, he was joined by six armed men who bundled the driver and two security guards in a vehicle behind into a van later left in a lock-up garage in Deptford, South London.

None was hurt, and they managed to free themselves and raise the alarm some three hours later, by which time the gang had made a clear getaway.

### Toy gun' casualty

A man shot by police in East London after a 10-mile car chase was carrying a toy revolver and a starting pistol.

### Consulate blast

A man is helping police with their inquiries into the blast which devastated the Italian consulate in London. The explosion blew out the front of the six-storey building in Eaton Square.

### Cuts plan 'failed'

The Government's attempts to cut local authority staffing levels have been a failure, Michael Heseltine, Environment Minister, admitted. Back Page.

### Inquiry call

Labour MP Michael Meacher has called for a public inquiry into deaths in police custody. The inquest on James Kelly, the Hoxton man who died in police custody, opened yesterday.

### Calais protest

About 400 French farmers in tractors and buses blocked all road and rail entrances to the Port of Calais to protest against Britain's agriculture policies within the EEC.

### Italian violence

Three Turin paramilitary police were shot dead on a bus while on a plain clothes mission, and in Genoa a university professor was shot in the legs. Urban guerrilla Red Brigades claimed responsibility. President Sandro Pertini and Luigi Petroselli, mayor of Rome, led a demonstration against political violence.

### Soames welcome

President Machel of Mozambique told Lord Soames, on a visit to Maputo, that he believed Mrs. Thatcher headed "the best government in Britain in 15 years" for courage in solving the problem of colonial power in Rhodesia. Page 4.

### Call-up to end

Conscription is to be ended in Rhodesia. The wave of strikes, which affected more than 15,000 workers, is petering out.

### Blizzard hazard

Drivers in the border area of Scotland and Northern Ireland faced some of the worst weather yet this year. Blizzard warnings were reported in parts of central and northern Scotland.

### Troubled waters

The world's worst offshore blowout has been capped after nine months, during which 3m barrels of oil poured into the Gulf of Mexico.

### Briefly...

Marijuana could help cancer patients on chemotherapy by easing nausea, U.S. researchers say.

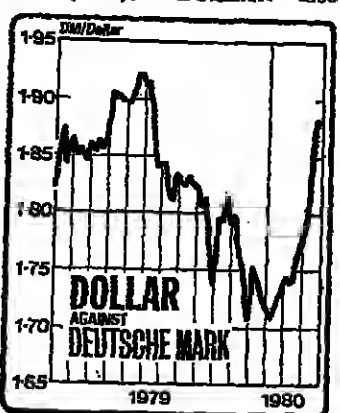
Jamaican religious sect financed cannabis-importing trips to supply its congregation, Reading Crown Court heard.

### BUSINESS

## Gold up \$36.5; Sterling firm

GOLD rose \$36.5 in active London trading to close at \$565.5.

STERLING gained 40 points to close at \$2.1835, and was firm against European currencies. Its trade-weighted index was 72.2 (72.0). DOLLAR also



improved, but finished below the day's best at DM 1.8360 (DM 1.8790). Its index was 89.6 (89.3).

EQUITIES drifted lower ahead of the Budget and the FT 30-share index fell 2.7 to 427.2. The Gold Mines index put on 19.8 to close at 326.2.

GILTS were firmer on hopes of more public spending cuts, and the Government Securities Index rose 0.09 to 64.19.

WALL STREET was 114.5 down at 773.72 before the close.

GERMAN Capital Markets Sub-Committee agreed on the smallest calendar of new bonds next month in the foreign D-Mark market since July 1978. Just one issue totalling DM 100m. Page 26.

RETAIL sales were 1.2 per cent higher last month than in January, and 2.3 per cent higher than last December. Back Page.

PENSION funds' total assets are estimated at about £40bn in the latest edition of "Pension Funds and their Advisers." Page 9.

SENIOR Industry Department civil servant John Lippitt, 31, is to join GEC as exports director. Back Page 8.

UK COMPUTER exports grew by nearly 32 per cent last year, outstripping a 24 per cent increase in the value of imports, according to the national computer trade deficit to £185m from £257.7m in 1978. Page 6.

STATFORD, the North Sea's biggest oil field, could become only marginally profitable if plans go ahead to raise crude sales taxes, according to companies with interests in the field. Page 8.

FT SHARE Information Service highs and lows and associated tables are changed today to current year, 1980, figures.

BL WORKERS at the Jaguar plant, Coventry, will be urged by shop stewards to strike Monday in protest at the company's decision to impose a 5 per cent pay offer. Back Page.

### COMPANIES

DANISH Cabinet is to discuss Burnmaster and Wain's decision to sell virtually all its remaining marine diesel engine interests to MAN of West Germany. Back Page 27.

LIGGETT of the U.S. attacked UK leisure and drinks company Grand Metropolitan's purchase of 9.5 per cent of its shares. Page 21.

WILLIAM COLLINS, the publishing group, incurred a pre-tax loss for the year of £255,000 against a £3.35m profit, and is paying no dividend. Page 20 and Lex, Back Page.

DECCA, the electronics company recently taken over by Racal, acquired world manufacturing and marketing rights on Redifon radar simulator equipment. Page 10.

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS			
Exch. 131%	1983...294H	+	5
Treasury 151%	1988...£1021	+	5
Arenson (A.I.)	53	+	5
Automotive Prods.	721	+	21
Bambers	67	+	7
Barlow Rand	430	+	33
Bowring (C.T.)	132	+	5
Cannung (W.)	54	+	5
Electronic Machine	30	+	4
Gieves	104x2	+	64
Hawley Leisure	431	+	64
Heath (C.E.)	207	+	6
Howden (A.)	113	+	4
Lead Securities	280	+	5
Samuel Properties	124	+	5
Star Furniture	188	+	6
United Newspapers	383	+	10

FALLS			
Aran Energy	358	+	15
Siemens (U.K.)	580	+	25
E.R.G.O.	376	+	24
Elanstrand	389	+	57
General Mining	650	+	50
Hartbeest	227	+	3
Kloof	131	+	17
West Driefontein	1311	+	21
Channel Tunnel	170	+	30
Collins (Wm.)	96	+	5
Lucas Inds.	218	+	5
Pleasurama	135	+	6
Reckitt & Colman	176	+	4
Stuart Discount	68	+	3
Williams & James	125	+	15
Wolsey Hughes	282	+	8
BP	332x2	+	10

## EEC confusion as Italy decides to delay summit

BY FINANCIAL TIMES CORRESPONDENTS

Italy plunged the Common Market into confusion yesterday with an unprecedented decision to postpone next week's EEC summit, and therefore discussion of the UK demands for a substantial cut in its net budget payments to Brussels.

Most EEC government learned of the decision late yesterday morning, and were astounded at the lack of prior consultation. The postponement was on the initiative of Sig. Francesco Cossiga, who resigned as Italy's Prime Minister after a Parliamentary defeat last week, and accepted a mandate to form a new Government on Sunday.

Italy occupies the Presidency of the EEC Council of Ministers. Sig. Cossiga apparently concluded that such a great preparatory effort would be required to bridge the gap between the UK and its EEC partners that he could not at the same time preside over the summit in Brussels next Monday and Tuesday and try to assemble a Government in Rome.

The decision brought pressure from several European capitals, including Paris and Bonn, for the meeting to be held as soon as possible in April. The UK insisted that the postponement would be unacceptable without early agreement on a new date, and EEC permanent representatives were meeting in Brussels late last night trying to arrange a summit date in the second half of April.

The postponement was accepted philosophically by British Ministers yesterday, though it is clearly a psychological setback for Mrs. Margaret Thatcher, in her attempt to reduce substantially Britain's net contribution to the Community budget.

The Prime Minister has been building up pressure deliberately in the past few weeks to assure her supporters at home, and warn her EEC colleagues, that she intends to press her case vigorously.

Mrs. Thatcher is determined to avoid postponement until the next summit due in Venice in June. It is said that this would be politically too divisive at home and would do too much damage to relations within the Common Market.

The postponement was received in Bonn with satisfaction, and the hope that the extra time would enable the UK to bring a compromise on the budgetary problem.

The French Government would go on further yesterday than to say that it accepted a postponement of the summit. But it is clear that Paris is relieved that an immediate confrontation over Britain's budget contribution has been avoided.

The French apparently feel the delay will allow time for a detailed discussion of agricultural prices in the next few weeks, and hope to get some concessions in this area before discussing possible compromises on the British financial contribution.

Opinion was divided in Brussels over the possible impact of delaying the summit. On the one hand it was thought that if as a result Sig. Cossiga could mount a personal initiative which might brighten the prospects for a settlement of the UK budget problem, it would be useful.

But a delay allows more time for domestic political pressures to chip away at Mrs. Thatcher's readiness or ability to compromise, and for France to dig in.

Continued on Back Page  
Editorial comment, Page 18

## Company profits squeezed as deficits total £4.7bn

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE FINANCIAL pressures on industry are increasing as a result of a tightening squeeze on profit margins and continued large capital spending.

Central Statistical Office figures published yesterday show that industrial and commercial companies had a financial deficit of £4.7bn last year, slightly above the previous peak in 1974.

This is the amount which has to be raised from other parts of the economy, mainly via bank borrowing, after financing tax dividends, fixed investment and increases in the value and volume of stocks.

The size of the deficit indicates the pressures on industry resulting from the strength of the pound, the acceleration of cost increases and the rise in interest rates. Most analysts expect a further rise in the deficit this year since it will take time for companies to reduce their investment and stocks.

While the deficit is much lower in real (inflation adjusted) terms than about mid-1970s, the underlying position of manufacturing industry could be as bad, if not worse, than then. This is because the published figures also include North Sea companies, whose financial position has improved since the mid-1970s.

The detailed figures have to be treated with considerable caution because of uncertainties.

Editorial comment, Page 18  
Living standards rose 6 per cent last year, Page 10  
Lex, Back Page

In estimating capital formation, especially stockbuilding, there have also been major revisions of the figures for instance the latest estimate of a surplus of £41m in 1978 compares with the previous projection of a deficit of £2.18bn.

Nevertheless at least the direction seems clear now. The deterioration last year reflected the combination of an increase in UK trading profits (net of the increase in stock values) or only 71 per cent and a big rise in various outlays.

Dividend payments rose by 46 per cent last year after the end of official controls, while interest charges rose by £2bn, or 574 per cent. Profits due abroad were four-fifths higher last year because of the increased profits of foreign companies working in the North Sea.

Capital spending by industry on fixed investment and stocks (including stock appreciation) rose by £6.8bn, or 46 per cent, last year. The resulting deficit was mainly financed by a sharp rise in bank borrowing.

The latest figures highlight the contrast between the financial position of companies operating in the North Sea oil and gas sector and that of the rest of industry.

North Sea profits doubled to £4.7bn between 1978 and 1979 and now account for a quarter of the total, while the trading profits of the rest of industry (net of stock appreciation) dropped by nearly 7 per cent to £1.5bn.

The latter fall also contrasts with a 16 per cent rise in income from employment last year.

## Kuwait cuts oil supplies to BP

BY OUR FOREIGN STAFF

KUWAIT HAS reached a new agreement with British Petroleum which reduces the company's entitlement to Kuwaiti crude from 450,000 to 150,000 barrels a day.

BP yesterday confirmed an agreement had been concluded, but would not comment on the terms of the contract.

Gulf and Shell, whose entitlements are 500,000 and 300,000 barrels a day respectively, are also negotiating new long-term supply contracts. Shell's contract has longer to run than the others and the company is still negotiating. Gulf's position is unclear.

Kuwait has demanded major downstream investments by the oil companies as the price for new agreements. Sheikh Ali Khalifa al-Sabah, Kuwait's Oil Minister, was quoted by the newspaper al-Qabas as saying that future deliveries depended on the companies' accepting new contract terms. From April 1, Kuwait's total production will be cut by 25 per cent to 1.5m barrels a day.

Kuwait is also believed to be negotiating for participation in joint ventures in countries purchasing its oil "if they (the oil customers) don't agree to our conditions, they can go elsewhere and buy their oil," Sheikh Ali Khalifa said.

## Saudi output

Saudi Arabia is virtually certain to maintain its crude oil production at 9.5m barrels a day in the second quarter of the year, according to the authoritative Middle East Economic Survey. Without a definite Saudi decision to keep to this level, production would automatically drop to 8.5m barrels a day.

The aim of Saudi policy is to ensure that oil supplies are high enough to bring market prices down to a level which it approves. This would open the door for a reunification in summer of the Organisation of Petroleum Exporting Countries' pricing system on Saudi terms.

## £ in New York

	Mar. 21	Previous
Spot	\$2.1950-1955	\$2.1910-1920
1 mth	0.22-0.27 prem	0.07-0.12 prem
5 mth	0.50-0.55 prem	0.32-0.37 prem
12 mth	0.50-0.55 prem	0.30-0.40 prem

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## Moves to end steel strike in trouble

BY CHRISTIAN TYLER, LABOUR EDITOR

MOVES to bring the 12-week steel strike to a rapid end while a committee of inquiry examines steelworkers' pay grievances ran into trouble last night.

Mr. Bill Sims, general secretary of the dominant Iron and Steel Trades Confederation, was trying to persuade his national executive committee to accept the solution supported by leaders of the 13 unions and by the British Steel Corporation.

Executive council of the ISTC and the National Union of Blastfurnacemen were considering a corporation proposal to pay a 10 per cent general increase on account, provided the strike was called off tomorrow and an inquiry chairman agreed by the end of the week.

Many councillors wanted to pursue the strike to the finish. They were encouraged by a stream of telegrams from the steel areas, urging them not to "sell out," and by reports that the strike was at last beginning to hurt the economy.

Earlier, the 10 union negotiators were told by Mr. James Prior, Employment Secretary, that the Government could not

appoint a committee of inquiry. He urged the unions to go through the Advisory, Conciliation and Arbitration Service, which both the ISTC and the Blastfurnacemen are reluctant to do.

Mr. Prior, anxious to maintain the maximum distance between Government and the dispute, then suggested the two sides appoint their own committee of inquiry, for which ACAS could provide the secretariat.

He welcomed the progress made. It was important the impetus for settlement should not be lost.

There was little sign that the unions would agree to go back to work during an inquiry. This suggests that the strike — already one of the longest national stoppages this century — will last until after Easter.

In the Commons, Sir Keith Joseph, Industry Secretary, replied to Opposition attacks by saying the cost of the strike would have to be borne by British Steel, not the taxpayer. The corporation has lost about £120m because of the strike, on top of regular losses.

Parliament, Page 12

## Council chiefs' pay claim settled

BY NICK GARNETT, LABOUR STAFF

LOCAL AUTHORITIES achieved an important pay agreement yesterday with chief officers. It opens up the prospect of a settlement with other white-collar staff whose industrial action is severely disrupting town hall work.

The negotiations have been about the size of an offer to bring council salaries into line with comparable jobs outside local authorities. The promises of comparability studies were part of last year's annual pay settlement.

Representatives of the 6,000 chief officers accepted an improved pay comparability offer of 17 per cent, 5 per cent higher than the previous one.

The new money is backdated to January, and is in addition to the 9.4 per cent agreed for chief officers last July, their annual settlement date.

The previous offer of 13 per cent was a significant influence in determining the present 6-12 per cent pay comparability offer rejected by union officials representing 560,000 other white-collar staff.

Industrial action by this group, the bulk of whom are members of the National and Local Government Officers' Association, has been holding up issue of rate demands, and threatens operation of some 2,000 air traffic.

Local authority employers have not been prepared in negotiations with administrative, technical and clerical staff to go beyond the 12 per cent offer previously made to chief officers, partly because of the damage this would do to pay structures.

Now that the figure has been lifted to 17 per cent for chief officers this should provide employers with more leeway to settle with other white-collar staff.

Employer negotiators for these administrative and technical staff meet today, and will almost certainly propose new negotiations with NALGO whose claim is for 10 to 22 per cent.







## Italy's crisis delays EEC summit

BY RUPERT CORNWELL IN ROME

THE NEW Government crisis here bears at least equal responsibility with the impasse over Britain's EEC budget contribution for the decision to postpone the Community summit scheduled for next Monday and Tuesday, over which Italy would have presided.

Although officials in Rome were emphasising last night that the increasingly ill-tempered deadlock between the UK and her partners made a cooling-off period desirable, matters were precipitated by the fall of the Government of Sig. Francesco Cossiga, and his reappointment this weekend as Prime Minister designate.

As such Sig. Cossiga, who is currently President of the EEC Council, would have had to

combine highly delicate soundings over the formation of a new administration with an intense last-ditch effort to piece together a compromise between Community Governments. The task would clearly have been impossible.

Yesterday, for example, the Prime Minister designate spent most of the morning in talks with his own Christian Democrat party leadership, and in the afternoon was due to attend another party meeting. Today he began a first, exhaustive round of consultations with the other parties.

To the extent, therefore, the length of the summit postponement depends on how quickly the internal Italian crisis can be solved. At present the omens

are fairly encouraging that a new coalition Government can be launched within two or three weeks, to tide matters over at least until after the summer.

The most widely canvassed solution is an administration embracing Christian Democrats, possibly the Republicans, and the Socialists—the latter back in Government for the first time since the early 1970s.

In any case the fact that a political crisis in Rome has had direct and grave international repercussions is likely to provide a spur to the politicians to settle matters more speedily than otherwise would have been the case.

Foremost among those pressing in this direction has been President Sandro Pertini. He

has not hidden his fears over the damage to Italy's foreign credibility that could follow from a protracted Government deadlock.

Another factor propelling the parties towards an accommodation has been the spring terrorist offensive in which three magistrates were killed last week alone. Yesterday three para-military carabinieri police were shot in an ambush in Turin.

President Pertini took part yesterday in an anti-terrorist rally in the capital attended by 200,000 people in pouring rain. Sig. Luigi Petroselli, the Mayor of Rome, presented an appeal signed by 1m Romans for an end to terrorism and violence.

## Giscard calls halt to tax increases

By Terry Dodsworth in Paris

THE FRENCH PRESIDENT, M. Giscard d'Estaing, has asked the Government to stop further tax increases in a move which looks suspiciously like the first serious shot in next year's presidential election campaign.

Although he has not announced his candidature, M. Giscard went out of his way in a weekend speech to stress that taxes had reached their acceptable limit. With the country already under pressure from oil price increases, he said, the Government had been asked to leave current taxation unchanged this year.

In a parallel announcement, the President also looked forward to the removal of the 1 per cent surcharge on social security payments next February. The timing of this change, only a few weeks before the election, will be lost on no one.

These announcements were accompanied by a strong defence of Prime Minister Raymond Barre, who was praised for his "determination and courage". The policy of price liberalisation and the encouragement of increased competition had resulted in a revitalisation of French industry, the President said.

M. Barre himself, addressing a group of parliamentarians from the UDR party which supports President Giscard, illustrated the impact of the Government's policies with figures showing a 5 per cent improvement in company investment and a 6.3 per cent increase in productivity.

## Bomb blasts mark opening of W. German lock-out hearing

BY ROGER BOYES IN BONN

THREE BOMBS exploded in the West German Federal Labour Court building yesterday a few hours before it sat to discuss whether employers are justified in locking-out workers during industrial disputes. Although nobody was hurt, they demonstrated dramatically the strong emotions that have been stirred by the case.

The court, which sits in Kassel, is the most senior labour tribunal in the country. It is considering one lock-out in the metalworking and engineering industry in 1978 and a further five that occurred during a printing dispute the same year.

The court has to rule whether it was "reasonable and justified" to use the lock-out in the disputes. If it finds against the employers, Professor Gerhard Mueller, the court president,

believes a change in labour legislation may be necessary to define more closely the use of lock-outs. In earlier cases, in 1955 and 1971, the court has approved the use of lock-outs.

The unions argue that the lock-out was used to pre-empt the workers' constitutionally guaranteed right to strike. The employers maintain, however, that the unions, through selective industrial action, can threaten the existence of whole sectors of industry. The lock-out is thus designed, they say, to shorten labour conflict and speed the way to a settlement.

The court, which will finish its deliberations later this week, is meeting against the background of tense wage negotiations between the Government and the 4m-member public services union. The union is demanding a 9

per cent wage rise and the employers, that is the Government, have come up with a "final" offer of 6.3 per cent. Although a settlement near the metalworkers' 6.8-7 per cent is still a possibility, the crucial sticking point seems to be the size of a special supplement for lower-paid workers. Such supplements can push the actual settlement well above the nominal percentage increase.

Herr Heinz Klüncker, the union's leader, has said that he will call a strike if necessary, placing the Government in an extremely delicate position. If it allows a large wage increase, great pressure will be put on the already strained budget. If it has to fight a strike, however, the Government will tarnish its image in an election year as a close ally of the unions.

## Lamb row again before court

By A. H. Hermann, Legal Correspondent

THE LAMB dispute between Britain and France was again brought before the European Court yesterday, but there are little prospects of the court being able to get France to comply with its earlier judgment.

The court heard an application by the EEC Commission proposing that the court should adopt an "interim measure of protection" ordering France to comply with its judgment which declared illegal French import restrictions on lamb exported from the UK.

The Commission argued that France's refusal to obey this judgment created a new case—failure of a member state to fulfil its obligation, according to Article 171 of the Rome Treaty—and that the Commission has, therefore, a good cause to ask for, what in England would be termed an interlocutory injunction.

The French defence was that the case had already been decided by the court, and that the court, therefore, had no cause or power to adopt a provisional measure according to Article 186 which reads: "The Court of Justice may, in any cases before it, prescribe any necessary interim measures."

France also argued that as the Council of Ministers did not agree on any replacement of its national marketing system for sheepmeat by a Community system, as provided by Article 43 of the Treaty, France needs some reasonable delay to be able to comply.

Today the court will be hearing the opinion of Mr. Advocate-General Francesco Capotorti, and its decision is expected soon, possibly this week.

The French Government has already made it abundantly clear that it has no intention of obeying an injunction with any greater diligence than it has shown in the case of the judgment. By granting the Commission's application the court would only risk adding further to the loss of authority it has already suffered in this matter.

The argument that the application is inadmissible because there is no room for provisional measures once the main issue has been decided therefore must appear very attractive to the court.

The fact that Lord MacKenzie-Stuart, the Scottish judge, has been appointed by the president of the court to act as rapporteur suggests that a decision which would further displease France is not envisaged.

## Farm price test for Europe Parliament

BY MARGARET VAN HATTEN IN LUXEMBOURG

THE EUROPEAN Parliament will vote tomorrow on Common Market farm prices for the coming year, in a special session in Strasbourg this week that may be a test of its own role in the European Community.

Parliament will be debating the recommendation of its agricultural committee that farm prices should rise by 7.9 per cent that farmers are demanding. Whatever they decide, the vote is unlikely to affect the outcome of this year's farm price review. It will not alter the European Commission's belief that no price rise is justified and that the 2.4 per cent rise it has proposed should be sufficient to appease the farm lobby. Nor is it likely to stop EEC Farm Ministers from pressing for more than 2.4 per cent.

But Parliament will be judged by its decision, and, if it falls the test, will find it increasingly difficult to make its voice heard in the Community. Having singled out farm spending and its disproportionate size in the EEC budget as the issue on which to challenge the power of the Council of Ministers, the Parliament is now too far committed to withdraw without loss of face.

Last December, Parliament rejected the 1980 budget largely because the Council ignored its advice and refused to cut farm spending. But many MEPs have had second thoughts since. They feel they have made their point and that it is time to do something for the farmers who support the parties they represent.

Whether they will carry the

vote tomorrow is unpredictable. Socialists from all countries except France, together with the Italian Communists, are expected to oppose the rise.

Christian Democrats and parties of both government and opposition in France and

EEC coal producers called yesterday for major funding to support a long-term development programme designed to boost European production and consumption of coal. Gilles Merrit reports from Brussels.

Their four-point plan proposes that production grants to coal producers and soft loans to industries converting to coal use should be studied, and that financial assistance should be made available to help EEC coal producers compete with cheaper imports.

Ireland are almost certain to approve one, though they may not wish to go as high as 7.9 per cent.

The most interesting group to watch will be the European Democrats, made up largely of British Conservatives. The UK Government is insisting that prices on surplus products be frozen, which suggests an average rise of less than 2.4 per cent. But the Conservatives traditionally are susceptible to farm lobby arguments, and it is significant that of the Conservatives on the agricultural committee, one supported a 7.9 per cent rise, while another abstained from voting.

## Hungary Congress opens

BY PAUL LENDVAY IN BUDAPEST

OPENING the 12th Congress of the Hungarian Communist Party yesterday, Mr. Janos Kadar, the party's leader, launched surprisingly sharp attacks against the Chinese leadership and expressed total and unreserved backing for the Soviet intervention in Afghanistan.

He said international tensions and domestic economic difficulties had engendered a mood of "concern" in the country and of "uncertainty" in some smaller groups, he also warned that a small minority had "accepted the slogans of imperialism" and called for a more energetic and intensive battle against political and ideological enemies.

Hungary's economic performance fell far short of the Five Year Plan targets, Mr. Kadar confirmed. Gross national product is estimated to have risen only 21 to 22 per cent in 1976-1980 instead of the originally projected 30 per cent. In contrast to the previous Congress in 1975, no details were revealed about the forthcoming plan. He merely estimated that economic growth will be only 15 to 17 per cent in the 1981-85 period.

Mr. Kadar also bluntly told the Congress that the Hungarian people's standard of living would barely rise in the coming five years, and that the main task would be the maintenance of the level already attained. But he spoke out in favour of economic reforms introducing prices reflecting real scarcities and incentives for good managers and employees.

## Government faces crisis in Finland

By Lance Keyworth in Helsinki

A GOVERNMENT crisis in Finland is a strong possibility this week. The four-party, left-centre coalition led by Mr. Mauno Koivisto (Social Democrat), which took office in May last year, is divided over the demands for price increases and supports put forward by the agricultural producers' union.

The Social Democrats and Communists in Mr. Koivisto's Government maintain that the farmers' demands are too high and will give them earnings increases of about 20 per cent. This will upset the trade unions, most of which have already settled for a rise of about 9.5 per cent for the next 12 months.

The most interesting group to watch will be the European Democrats, made up largely of British Conservatives. The UK Government is insisting that prices on surplus products be frozen, which suggests an average rise of less than 2.4 per cent. But the Conservatives traditionally are susceptible to farm lobby arguments, and it is significant that of the Conservatives on the agricultural committee, one supported a 7.9 per cent rise, while another abstained from voting.

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## Shah's stay in Egypt 'will be permanent'

BY ROGER MATTHEWS IN CAIRO

PRESIDENT Anwar Sadat is determined the deposed Shah of Iran should take up permanent residence in Egypt, and has discounted any threats to his Government from the revolutionary régime in Tehran, or Islamic fundamentalist groups.

The Shah's arrival in Cairo yesterday is seen by the President as confirming his view that only in Egypt can the Shah be assured by security, adequate medical treatment, and freedom from Iranian attempts to have him extradited to Tehran.

Accompanying the Shah to a specially prepared section of the heavily guarded Maadi military hospital just south of Cairo, President Sadat twice stressed that the former monarch's stay in Egypt would be "permanent".

Earlier, the Shah, looking exhausted after his flight from Panama, said, barely audibly, that there would be ample time to talk "after the operation". A 15-strong team of doctors has been assigned to him, and it is expected he will undergo surgery shortly, for removal of his spleen.

President Sadat has tried for over a year to persuade the Shah to take up residence in Egypt. Despite opposition from some members of the People's Assembly, he pushed through a Bill last year giving the Shah the right to live in Egypt.

Apart from his friendship with the Shah, the Egyptian President feels he owes the former Iranian monarch a debt of gratitude for urgently-needed economic assistance after the 1973 Middle East war. In 1974, Iraq gave oil supplies to Egypt and the following year, provided a \$820m cash loan.

This loan was rescheduled in 1978, and has been serviced normally since. No principal is due this year, but repayments of \$50m a year are scheduled to begin in 1981.

President Sadat has also been irritated by the apparent reluctance of the U.S. in its relations with its former Middle East ally, and by what he sees as a general weakness in U.S. foreign policy.

Since the fall of the Shah, Egypt has become even more



The former Shah of Iran, accompanied by President Sadat, speaks to reporters on arrival at a military hospital near Cairo.

close, tied to the U.S. because of civil and military aid now running at about \$2bn a year, and is seen by some as taking over part of the role formerly played by Iran.

Egypt broke diplomatic relations with Iran last May, although President Sadat said he would like to retain friendly links with the Iranian people, as distinct from their religious leader, Ayatollah Khomeini.

He has several times attacked Khomeini, accusing him of distorting the face of Islam and behaving "like a bloodthirsty lunatic".

Having so far successfully withstood the effects of the Arab boycott imposed after Egypt signed the peace treaty with

## Hebron calls for all-out strike today

By David Lennon in Tel Aviv

THE PEOPLE OF Hebron on the occupied West Bank of the Jordan are to stage a total strike today and will boycott Jews in protest against the Israeli Government's decision to establish a Jewish presence in the all-Arab town.

The Hebron municipal council yesterday ordered the strike amid a growing wave of protest throughout the occupied territories.

Mr. Elias Freij, Mayor of Bethlehem, condemned the proposed settlement, saying that it proved that Israeli talk about Jewish-Arab coexistence was a myth. The decision was also denounced by Gaza municipal council as well as by mayors and public figures through the West Bank.

It is far from clear, when the decision to set up a Jewish religious seminary and a field school in Hebron will be implemented. The Knesset Foreign Affairs and Defence Committee is due to discuss the decision at the request of the democratic movement, one of the smaller coalition parties.

Because of opposition within the coalition over the timing of the decision, there is some doubt whether the Government could obtain a majority within the committee. The opposition parties are totally against the proposal.

In the light of this the coalition whip is hoping to put the committee hearing off until after the upcoming Knesset Passover recess and if possible until after Mr. Menachem Begin, the Prime Minister, returns from his trip to Washington next month.

It is not clear what force, if any, the Knesset committee decision would have in legal terms, though the political impact of a negative vote would clearly make it even more difficult for the Government to defend its policy.

Mr. Begin yesterday met for the second time in Jerusalem Mr. Sol Linowitz, President Carter's special envoy to the Palestinian autonomy talks. No details of the conversations have been released, but it is understood that the Hebron decision was among items discussed.

## Ohira backs U.S. call for higher troop-support share

BY RICHARD C. HANSON IN TOKYO

JAPAN'S Prime Minister, Mr. Masayoshi Ohira, yesterday asked Government agencies to study ways of increasing Japan's share in the cost of stationing U.S. forces in his country. The cost is now estimated at around \$700m-1,000m a year.

Mr. Ohira issued the instructions to Mr. Saburo Okita, the Foreign Minister, who has just returned from the U.S. after four days of talks on defence and other issues.

The U.S. repeated to Mr. Okita its request for a "steady and significant" increase in Japanese defence outlays. Japan now plans to spend the equivalent of 0.9 per cent of gross national product (¥2,250bn (\$4,090bn), in the budget for the next fiscal year beginning on April 1. U.S. defence officials have rather vaguely urged that a more appropriate level would be about 1 per cent of GNP.

The Japanese Government is believed to be considering an increase in fiscal 1981 which would mean the equivalent of 0.92 per cent of GNP. Over the weekend Mr. Noboru Takeshita, the Finance Minister, told a Press conference that a 1 per cent target would be very hard to reach even over a five-year period.

While the U.S. would welcome any increases in Japanese support for its presence in the country, the major issue is how much Japan should be spending to improve the quality of its own defence forces. Here too some sort of consensus on the need to strengthen the military appears to be forming. But there are serious political hurdles to overcome.

The ruling Liberal Democratic Party is leaning toward using defence as a major election issue this summer. Press comment and public opinion polls indicate that more spending to improve the military may gain the support of most people. But a strong LDP showing in the election will be needed to solidify that support before bigger budgets become a reality.

The fortunes of the LDP could indeed prove to be the Achilles heel of those who are prepared to push for more money for the military. LDP weakness in last year's Lower House election forced the Government to scrap, even before the election, plans to improve the country's deficit financial condition by introducing an excise tax system. The LDP barely managed to hold its majority at the polls.

Mr. Ohira, leader of the LDP, has cautiously set a goal this time of winning at least two seats more than a simple majority in the 252 member Upper House, compared with a one-seat margin won in the last election three years ago. Half of the membership comes up for election every three years.

Voters, however, who will be facing near double-digit inflation by mid-summer, may not take kindly to the notion of greater Government outlays for defence.

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## 'We will never yield Gulf islands,' says Bani-Sadr

BY ISHAN HAJAZI IN BEIRUT

IRAN will never relinquish three strategic islands in the Gulf to the Arabs, President Abol Hassan Bani-Sadr has said in an interview with the international edition of the Beirut newspaper An-Nahar.

President Bani-Sadr accused the Arab Gulf States of links with the U.S., and charged that they were not independent. His Government was not interested in having good relations with them, he added.

His remarks have immediately brought a protest from the Government in Kuwait, whose Press strongly criticised him.

The Iranian President also criticised out Saudi Arabia, Abu

Dhabi, Dubai and the Sultanate of Oman. If they gained control of the three islands—Abu Musa and Greater and Smaller Tunbs—they would then command the Hormuz Strait, a vital oil route.

"This in turn would mean that the U.S. will take charge of the Gulf,"

Iranian troops occupied the islands in 1971 after Britain disengaged from the Gulf. The islands were claimed by the Arab Gulf States of Sharjah and Ras-al-Khaima.

It is not the first time that President Bani-Sadr has attacked the Arabs. Before being elected President, he compared Arab nationalism to Zionism.

## Qotbzadeh makes new offer on hostages

BY SIMON HENDERSON IN TEHRAN

THE U.S. hostages in Tehran could be transferred to the control of the Iranian Government within 24 hours, if the Shah returns to Panama for extradition proceedings, Mr. Sadegh Qotbzadeh, Iran's Foreign Minister, claimed yesterday.

This seemed the final word on the talks which Mr. Qotbzadeh and President Bani-Sadr are believed to have had by telephone with Panamanian leaders and, by implication, with Mr. Hamilton Jordan, President Carter's chief of staff, who has been in Panama.

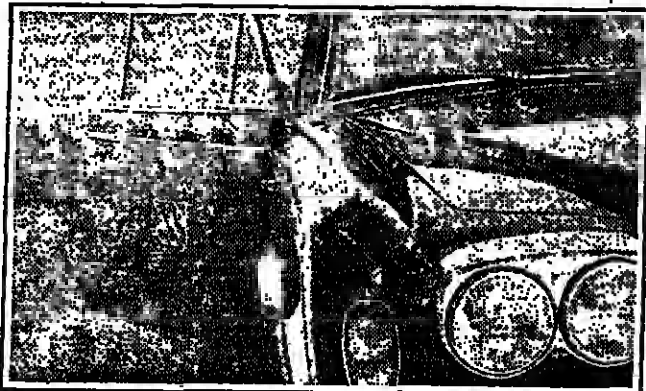
The Iranian leaders are thought to have made similar

suggestions both before the Shah left Panama on Sunday, and while he was en route to Egypt. President Bani-Sadr and Mr. Qotbzadeh want the release of the hostages, but once again, Washington probably saw no reason to play along.

Panama, also may have thought, it would be embarrassing to find itself arranging the extradition of the Shah without any firm and workable promise of the hostages being released.

Such a deal would have needed the approval of Ayatollah Khomeini. Mr. Qotbzadeh saw him on Sunday, but there is doubt whether the subject was even raised.

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## Soames welcomed by Machel

BY BRIDGET BLOOM IN MAPUTO

PRESIDENT Samora Machel of Mozambique yesterday thanked Britain warmly for its part in "decolonising" Rhodesia when Lord Soames, the Governor, arrived in Maputo at the Mozambique leader's invitation.

President Machel, who played a vital background role in the recently completed elections in Rhodesia, told Lord Soames that he believed Mrs. Thatcher, the Prime Minister, headed "the best Government in Britain for 15 years."

Under the Conservative leader, President Machel said, Britain had had the courage to accept that it was the colonial power in Rhodesia and that it had to solve the problem. Mrs. Thatcher, the President added, had the necessary courage to do this and to keep her Government behind her. "What has been achieved is very important, not only for the new Zimbabwe but for the whole of southern Africa."

Lord Soames flew to the Mozambique capital from Salisbury and accompanied by Sir Anthony Duff, the deputy Governor of Rhodesia, went straight into talks with President Machel. Visiting journalists were invited to meet them afterwards on the lawn of the former Portuguese Governor's palace, where they strolled in high good humour—President Machel, in African fashion, holding Lord Soames's hand.

However, the exchange of jokes appeared somewhat con-



Samora Machel: praise for Thatcher courage

strained by the inability of either man to speak the other's language and the problems of the translator in keeping up. They discovered too late, as President Machel enjoined Lord Soames to celebrate in champagne "the fall of Smith and the fall of Muzorewa" and Lord Soames replied with a toast to "the victory of the people of Zimbabwe" that each spoke French.

It is understood that neither the President nor the Governor raised detailed questions concerning British aid to Mozambique.

The main purpose of Lord Soames's visit to Mozambique is thought to be bilateral relations

between London and Maputo which have been strained in the past because of the difficulties in resolving the problems of Rhodesia.

President Machel will probably request fresh aid from Britain for his attempts at putting his country's economy back on a sound footing. In recent statements, it has become clear that Mozambique is moving towards warmer relations with the West.

At present there is a Mozambican aid delegation in London to discuss how to use undischursed loans offered to Mozambique before 1975 which amount to £10.5m. Britain has committed a total of £22.5m to the country since it achieved independence from Portugal in 1975.

There is little doubt that, as President Machel said yesterday: "There is now a firm foundation on which to build future relations and co-operation."

AP adds from Salisbury: Thousands of Rhodesians were without bread yesterday after a heavy strike on Sunday, which came amid growing reports of post-election labour unrest.

All 300 workers who struck for more pay at Lobe's Bakery were back at their jobs yesterday, but 106,000 loaves were lost, causing shortages in many parts of Salisbury.

The bakery walk-out followed similar strikes by thousands of workers last week.

## Chad ceasefire fails to take hold

BY OUR FOREIGN STAFF

FIGHTING again broke out in Ndjamena, capital of the central African republic of Chad, yesterday between rival Moslem factions, according to reports reaching Paris.

A fragile ceasefire agreed on Sunday between the main rival groups led by President Goukouni Oueddei and the Prime Minister, Mr. Hissene Habre, failed to hold. But reports said the fighting was

not as intense as on two previous days, probably because the two sides were running out of ammunition.

It is estimated that some 1,000 to 1,500 men were involved in the fighting but there were fears that it might escalate as both groups called for reinforcements from outside the capital.

There were also reports that the deputy President, Col. Wadal Abdelkader Kamoague, might

throw his support behind the President.

The deputy President is leader of the 2m Christian and animist blacks in the South of the country who were in control of Chad until August last year when it was wrested from them by the Moslem North represented by President Goukouni and Hissene Habre. Since then, the northerners have been fighting each other for supremacy.



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# AMERICAN NEWS

# WORLD TRADE NEWS

## Kennedy and Bush face decisive polls

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

TODAY'S presidential primary elections in New York and Connecticut are probably two of the last chances for Senator Edward Kennedy and Mr. George Bush to thrust the apparently remorseless drives of President Jimmy Carter and Mr. Ronald Reagan towards their respective parties' Presidential nominations.

For Mr. Kennedy in particular, failure in these two states, which both constitute inherently favourable ground for him, almost certainly means the end of the line regardless of what happens a week from now in Wisconsin.

New York will send 782 delegates to the Democratic Party convention in August. Connecticut a further 54. Mr. Carter, with another sweeping triumph in the weekend's caucuses in Virginia under his belt, now has approaching 700 delegates, while the Senator has won not much more than 200 of the 1,986 he would need for the nomination.

Just about every issue, foreign and domestic, is on the Senator's side in New York. Considerable disaffection with President Carter's approach to Israel ought to show up in the voting of New York Jews, who make up about one third of the state's Democratic voters and



Senator Edward Kennedy is joined by his wife, Joan Kennedy (centre), and Mrs. Jacqueline Kennedy Onassis at a campaign function in New York before today's primary.

a higher percentage of the politically active, while the state's cities are patently worried about where the Administration's budget-cutting axe will fall.

Although the northern part of the state is considered solidly in the President's camp,

there is no greater repository of Kennedy-style liberalism than New York City itself. Mr. Carter has sent his usual stream of surrogates to New York—and has made himself, international crises notwithstanding, available to the New York media in the White House

—but centre stage has been left firmly in the care of Mr. Kennedy.

Yet, according to the latest New York Daily News opinion poll not yesterday, the Senator is still 20 points behind the President, a narrowing of an earlier wider gap but still

formidable.

In Connecticut, as well as in New York, the President's strategists have been adept in lining up endorsements from prominent political figures and their machines. This may help offset the natural regional advantage Mr. Kennedy enjoys in a state bordering his own Massachusetts, scene of his only primary victory so far this year.

On the Republican side, the New York ballot is extremely complex. There is no simple preferential vote but merely a contest among delegate candidates, who are not allowed to state on the ballot to whom they are pledged. The test, therefore, becomes one of pure organisation and education.

For Mr. George Bush, New York and his native Connecticut were always supposed to be his territory, especially the latter, represented in the U.S. Senate for ten years by the candidate's father, Mr. Prescott Bush.

But in Connecticut, Mr. Bush is apparently being squeezed by Congressman John Anderson in the contest for the state's 35 convention delegates, while in New York, which has 123 delegates, Mr. Reagan's organisation is showing considerable strength.

## British computer exports show increase of 32%

BY GUY DE JONQUIERES

BRITAIN'S computer exports grew by almost 32 per cent last year, outstripping a 24 per cent rise in imports and narrowing the national deficit on trade in computers to £195m from £257.7m in 1978.

Customs and Excise figures show that exports of complete computer systems performed particularly strongly, more than doubling in value to £177.5m from £69.1m in 1978. Exports of peripherals and related equipment rose to £839.6m from £487.6m.

The European Community proved to be the most rapidly expanding market. Exports of complete computer systems to other EEC members tripled in value to £111.7m.

Within the EEC, West Germany displaced France as the biggest purchaser of British

computer systems. German purchases rose to £50.9m from only £7.1m, while exports to France totalled £26.3m, up from £11.9m in 1978.

Among Britain's other major trading partners Australia was the only country to which exports were lower in value terms last year than in 1978, though exports to the U.S. remained flat at less than £2.5m.

Though the £7.3m deficit on trade in complete computer systems in 1979 was turned into a £80m surplus last year, it was outweighed by a continuing deficit of £273m on trade in computer peripherals and related equipment. That was slightly bigger than the £250m deficit in 1978.

Britain has traditionally been weaker in the manufacture of peripherals and components than of mainframe computers.

Though ICL, the country's biggest computer manufacturer, makes most of its products in the UK, it is heavily dependent on overseas suppliers, particularly in the U.S., for many of the parts which it puts into them.

The UK balance of trade in complete computer systems was positive last year with all major national trading partners except the U.S. and Ireland. But the deficit on trade with these two countries, almost £37m, exceeded the surplus with France and West Germany, the UK's two biggest national markets.

The deficit of almost £16m with Ireland may seem surprising and is largely due to a surge of imports manufactured at a plant established by Digital Equipment, the American minicomputer manufacturer.

## IATA call for help on airline fuel costs

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WORLD'S airlines are stepping up their pressure on governments to help ensure that their fuel needs will continue to be met during the 1980s at the best possible price.

The airlines, members of the International Air Transport Association, consume less than 4 per cent of total world crude oil consumption.

But they are having to pay more than they believe is necessary for it, as a result of wasteful government practices, such as making air routes longer than necessary, and failing to improve air traffic control techniques.

The airlines argue that between 1975-79 and 1979-80, their total fuel bill will more than double from \$3.32bn to more than \$7.4bn, with an average price of \$9.5 cents a barrel.

Further rises in the pipeline will probably raise the total bill in 1980-81 to well over \$9bn, Taiwan.

and the average prices per gallon to well over \$1.

By introducing operating economies, the airlines say they have been able to increase their performance by 54.5 per cent between 1974 and 1979 in terms of tonne-kilometre flown, while fuel consumed rose by only 30 per cent.

"International airlines believe that now is the correct time to give special consideration to the role of commercial aviation in the development of world trade, recognising that the airlines are showing great responsibility in voluntarily improving their fuel efficiency and not passing on to the public the total effect of fuel price increases," says the IATA.

Pratt and Whitney of the U.S. has won new engine orders worth \$110m for Boeing 747 semi-wide-bodied airliners for Western Airlines of Los Angeles and China Airlines of Taiwan.

## Saudi Arabia to buy guns from Austria

By John Close in Jeddah

SAUDI ARABIA plans to buy SR 200m (£27.7m) worth of rifles and machineguns from Austria, Prince Sultan, the kingdom's Minister of Defence, announced the arms deal after talks with Mr. Otto Roschel, the Austrian Defence Minister, on Sunday.

Prince Sultan, who inspected Austrian armaments during his visit there last year, also said, "if it proves suitable, Saudi Arabia will discuss the joint production of such arms with Austria." This would mean the first Saudi move away from her traditional U.S., British and French sources of arms.

The kingdom has had trouble managing the vastly different equipment in its armed forces. The army is supplied by the U.S. and France, the national guard and Royal Saudi Air Force by the U.S. and Britain, and the tiny navy by the U.S.

The Ministry of Defence has been working this year with a budget of SR 50m, by far the lion's share of funds for the fiscal year which ends in May.

## Ford Portugal talks advance

By Jimmy Burns in Lisbon

NEGOTIATIONS between Portugal and Ford Europe over a projected \$1.4bn assembly plant are expected to be finalised by next summer.

Last week a delegation led by Mr. Jan Candries, the head of Ford's Brussels-based Department for Governmental Affairs, arrived in Lisbon for a close look at the Portuguese political scene. Before leaving, he said he believed the prospects for medium- and long-term stability were good.

The proposed plant is planned to produce the company's Erica model, the replacement of the Escort.

## India reconsiders fertiliser plant bids

BY D. P. KUMAR IN NEW DELHI

THE INDIAN Government has revised an earlier decision to award to C. F. Braun of the U.S. the contract to build four big ammonia and urea plants on the west coast, and have re-opened the bidding to other foreign companies.

Apart from G. F. Braun offers had been submitted originally by Humphreys and Glasgow of the UK, Kellogg of Japan and a Dutch company.

According to officials, the Government has set up a committee to review all the offers and a final decision is to be made shortly. The original offers were considered by the previous government and it was

during the tenure of the caretaker government, headed by Mr. Charan Singh, that C. F. Braun was asked to set up all four plants on the condition that the technology would be fully transferred to the public sector organisation, Fertiliser (Planning and Development) India Limited within eight years.

The project consists of a 1,350 tons per day ammonia plant and a 4,400 tons a day urea plant at Thal-Vaisbet, in Maharashtra State and a similar twin project at Bajira in Gujarat State.

It now seems C. F. Braun will only be awarded the contract for the Thal-Vaisbet plants, while the Bajira plant contracts may go to other companies.

## W. Germans win £49m Polish deal

BY ROGER BOYES IN BONN

OENSTEIN UND KOPPEL, the Dortmund-based engineering concern has won a Polish order worth more than DM 200m (£48.8m) for four large bucket wheel excavators.

The further sign that trade between the German countries is continuing apace in spite of East-West tension.

The excavators, ordered by Kopex the Polish foreign trade agency, are due to be delivered in 1983 and will be used at two open-pit lignite mines, O and K and a Polish machine construction officials have also agreed

on long-term co-operation on the joint production of new mining equipment.

The deal reflects Poland's desire to ensure the opening up of new lignite deposits in the mid-1980s, ensuring both domestic energy needs and export requirements. Three of the bucket wheels — with an effective output of 11,000 cubic metres/h each — are destined for an open pit mine at Szczercow, south-west of Warsaw. The other will be used at Konin, another new develop-

ment, some 150km west of Warsaw.

In spite of the Afghanistan intervention, Poland has been playing a particularly active role in West Germany's trade with the East over the past three months. Krupp-Koppers has signed a deal for a coal gasification plant to be built near Katowice and Gunt Otto Lamsdorff, the German Economics Minister, recently agreed to offer Government guarantees to Poland for general purpose commercial credits worth DM 500m.

## Fragile coalition backs Carter's budget cuts

BY DAVID BUCHAN IN WASHINGTON

A FRAGILE two-party coalition of middle-of-the-road Democrats and Republicans has begun to emerge on Capitol Hill in favour of President Jimmy Carter's sweeping spending cuts to balance the 1980-81 budget that begins on October 1.

But the prospects for the tax increases the President wants—10 cents extra on a gallon of petrol, a withholding tax on dividends and interest, and minor excise tax increases—look gloomy and could yet jeopardise the goal of a balanced budget.

When Mr. Carter unveiled his counter-inflation package, he said it would include a \$13bn reduction in 1980-81 spending but the details will not be revealed until the end of this month.

In the absence of specific Administration requests, Congress has moved ahead on its own. Last week the House Budget Committee passed a resolution that would pare overall spending by \$16bn from

Mr. Carter's original \$615.8m proposal made in January.

The Senate Budget Committee is to embark on similar action this week. But—as the U.S. financial community which is closely watching to see how the President's words of budget restraint translate into law well knows—there are many possible pitfalls before the new budget is finalised in early autumn.

For a start, all the individual appropriations committees—in both houses will have to conform to the new overall budget spending limits—something they find notoriously difficult when it comes to funding decisions on their various pet projects.

Second, the fragile coalition that emerged last week in the House Budget Committee under Representative Robert Glatco, its Democratic chairman, may come unstuck when the new budget resolution reaches the house floor. The committee does not include a large body of liberal Democrats who are

furious at the proposed cuts in social programmes that a \$16bn spending cut would entail.

The Administration is known to support the thrust of the Gismo resolution, but is also expected to try to restore a minimum of \$500m in aid to cities. The Administration may at that point lose the support of Republicans, who represent fewer big cities than Democrats and would prefer to see such money go to defence instead.

A major criticism of the Carter package by the Wall Street financial community was that it contained nothing to curb this year's deficit spending by the Federal Government. Public borrowing in the 1979-80 fiscal year is expected to top \$40bn, making the proposed transition to a balanced budget next year all the sharper.

As a small sop, the Administration is now apparently about to propose a \$2bn cut in this year's spending—partly by withdrawing some money requests from Congress and partly by

asking Congress to stay its hand on \$700m already voted.

Spending reductions have become part of Republican Party orthodoxy included in just about every policy platform. It is for this reason that liberal Democrats are deeply wary about going all the way with a balanced budget just before the November elections when they would have to appear in Republican clothing.

Tax increases are a very different matter, and very unpopular. Republicans are expected to oppose them strongly. But, in addition, Senator Russell Long and Representative Al Ullman, the Democratic chairmen of the tax-writing committees in the Senate and House, have expressed strong doubts about the chances of Mr. Carter's tax proposals getting through.

Their support is crucial to the Administration. But in the case of Senator Long, his opposition to the petrol tax increase seems virtually guaranteed since he comes from a major oil-producing state, Louisiana.

## Separatists gain as Quebec referendum campaign starts

BY ROBERT GIBBENS IN MONTREAL

THE GOVERNING Parti Quebecois has made a stormy tactical gain on the wording of the referendum it hopes will give it authority to negotiate a new status for Quebec in the Canadian constitution.

The success came in a three-week debate in the National Assembly in Quebec City on the wording of the referendum. The debate has left doubts among opposition Quebec Liberals about their own strategy.

Televised in full on the provincial network, the debate ended last week with approval of the Government's wording of the question with only a slight technical change. This makes it clear that any constitutional change negotiated by a Parti Quebecois Government and the other provinces would be subject to a second referendum.

The referendum campaign has begun but the voting date may be advanced to mid-May.

The Parti Quebecois used the debate as a curtain-raiser for its campaign to persuade people to vote yes in the referendum to give the Government a man-



Mr. Ryan, policy paper used against him

date to negotiate sovereignty association with the rest of Canada. Sovereignty essentially means Quebec making all laws and levying all taxes, while the association means a Common Market-type link with the rest of Canada, with a common currency and a common monetary policy.

The Parti Quebecois, spurred by the loss of four key by-

elections to the Liberals, made careful preparations for the debate knowing it would be televised. Premier Rene Levesque led off in his most statesman-like style.

The Liberals were not able to reply effectively to the Government's appeal to Quebecois emotions and did not succeed in taking the offensive except at a few points in the long debate. The party presented a disorganised approach.

In mid-debate, Premier Peter Lougheed of Alberta paid a visit to Montreal for talks on energy with Mr. Ryan. He stated Mr. Ryan's "Beige Paper" on constitutional change, the Quebec Liberals' answer to the Parti Quebecois Government's White Paper on sovereignty, would be a starting point for federal-provincial negotiations.

The significance of this visit became clear in the rhetoric of the debate, and the Parti Quebecois managed to turn the "Beige Paper" around on Mr. Ryan, saying it amounted to a return to the status quo before the "quiet revolution" of the early 1960s led by Liberal Premier Jean Lesage.

## Sri Lanka pins its hopes on investment zones as catalysts for growth

BY KEVIN RAFFERTY IN KATUNAYAKE

A RED earth track, wide as a highway, runs into a dishevelled coconut grove; bulldozers rumble; a few new buildings stand out starkly white against the natural greens; uniformed security men stand on the alert. It might be a set for a science fiction movie.

It is not. It is the great hope for pulling Sri Lanka out of its economic lethargy, a provider of jobs, industrial expertise, trade and foreign exchange earnings: it is the Katunayake Investment Promotion Zone.

Katunayake has been widely publicised in the international Press with full-page advertisements boasting "Sri Lanka is a foreign investor's dream... Complete infrastructure facilities... Unprecedented tax incentives... A rare opportunity to earn more profits, 100 per cent tax free... An abundance of bright, educated workers."

However, it is 18 months since the first agreement was signed for the zone, and foreign bankers in Colombo say that potential investors have lost some of their enthusiasm in

spite of the lure of tax holidays for up to 10 years and cheap and educated labour. "There are questions, not all of them answered," one of them commented.

On the other hand, Mr. Godege, Secretary-General of the Greater Colombo Economic Commission which runs the zone, claims that there has been "a colossal number of inquiries. It is a little difficult to speak of figures without infringing modesty." But he does concede that the Commission is shifting "away from the backshot approach of general seminars and towards a direct approach to companies and industries we want to attract to the zone."

For Sri Lanka, the creation of the investment zone was a gamble to free the country from years of low growth which had resulted in 700,000 unemployed and underemployed, and an annual increase in the labour force of around 125,000, far outnumbering the new jobs available each year.

Other South Asian countries are watching to see if the Katunayake experiment will

prove the tantalising catalyst to growth that has eluded South Asia, Bangladesh and Pakistan are planning their own free trade zones in the hope that they might begin to emulate countries like Singapore, South Korea and Taiwan, with export success, high growth and prosperity.

Reality in Sri Lanka has not proved as glossy as the advertisements, though more promising than the chaos of Katunayake might suggest.

Some factories are already turning out goods for export. One of these, Cosmos Macky Industries, produces jackets for G and A in Europe and for the U.S. under the "Curlytop" brand.

Altogether, says Mr. Godege, 84 projects have been approved, and over 40 agreements signed, with about a dozen factories already providing 6,000 jobs. Employment will rise to 20,000 by the end of the year and to about 35,000 by 1982.

He reels off a list of nearly 30 countries and a whole variety of industries among projects

approved: Australia, Fiji, France, Hong Kong, India, Japan, South Korea, Liechtenstein, Malaysia, Saudi Arabia, Singapore, the UAE, the UK, the U.S., West Germany. Industries cover building materials, cashew processing and oil, coir products, fishing gear, footwear, garments, rubber products, sailing craft, textiles, teabags.

The list is impressive. But there is a preponderance of textiles, numbering 30 in the approved list and forming a much higher percentage of the factories actually in operation. Katunayake is also heavily dominated by small companies, many of them on the rue from quota restrictions in Hong Kong or South East Asia. (Sri Lanka does not face textile quotas—yet.)

"We are grateful for small mercies," commented Mr. Godege, while underlining the need to lure into Sri Lanka international names and products. None of the world's export leaders, not even electronics products, has landed at Sri Lanka yet.

Companies which have com-

menced operations grumble about the setbacks they faced. Construction of factories has been erratic. In some cases work has gone smoothly, taking only two or three months from the signing of the agreement to the opening of the factory; but in others ground preparation has been time-consuming, and building further delayed by cement shortages.

The general feeling is that the Greater Colombo Commission has skimped on the infrastructure facilities. The colourful brochure boasts of the Plaza, housing offices, banks, customs and post offices, but it remains on the drawing board. Roads in the zone have yet to be adequately surfaced because, said one official, if the roads had been made up, bulldozers preparing factory sites would have destroyed them. He was out there why the land could not have been prepared in readiness, perhaps the Commission lacked the resources or the confidence.

Officials make much of the fact that the Katunayake zone is literally just across the road

from Sri Lanka's international airport, but factory managers say they would only air freight if they ran into extreme difficulties with an order. Sea freight was much cheaper, but the rail container terminal has not been completed yet, and there are disputes over where the containers should be filled, whether the roads and bridges into Colombo can bear the strain of full container loads, arguments over port delays and heavy port charges.

An educated labour force may also pose problems for multinational companies, particularly in the area of trade unionism. The promotional literature, citing Business Asia, says that Sri Lankan workers rank second only to Singaporeans in terms of relative productivity, just ahead of Filipinos and far outstripping the Taiwanese, Malaysians, Thais and South Koreans. "This performance," says the Commission, "is due to low cost labour, high rate of literacy and responsiveness to new methods and techniques of production."

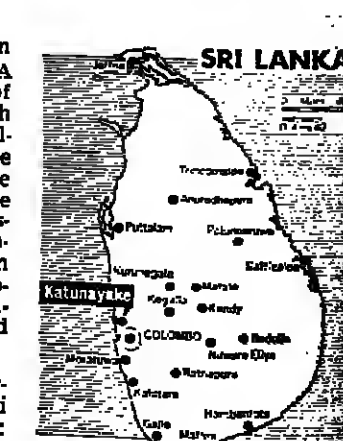
In practice it takes time to

train and accustom labour to an industrial environment. A banker with wide experience of Asia is quoted as saying: "Although there is plenty of labour available, there is a limit to the numbers of people living close to Katunayake. There are already complaints about transport and the shortage of accommodation. The Commission should have foreseen this problem and built hotels, a responsibility which has now landed on the employers' laps."

One should not brood over long on these difficulties. Sri Lanka is a most pleasant place: not for nothing was it called Serendib, the origin of the English word "serendipity"—the faculty of making happy and unexpected discoveries.

Accident. Adult literacy at 98 per cent, is the highest in Asia, excluding Japan. Wages are low, around \$1 a day for most skilled workers.

David Balado 'Lau, factory manager at Cosmos Macky Industries, says that after several months of operation his workers have achieved "70 to 80 per cent of Hong Kong



efficiency in basic styles. They are better on big orders where they have time to pick up speed."

For Sri Lanka, the investment promotion zone has got off the ground. It needs sorting out consolidation and renewed impetus. As far as its export and industrial ambitions go, it is still early days. Sri Lanka has great expectations. Two more investment promotion zones are already being planned.

مكازم النحل





These days, car salesmen offer you the options list the way waiters offer you the à la Carte. Leaving you to choose the fixtures and fittings according to your pocket.

A state of affairs which we find lamentable.

Hence, the appointments, generally found on the options lists of other cars, are already present in the Royale. For example, automatic transmission is standard. (You can have manual, if you prefer, at no additional cost.)

Nor is the car required to embrace a variety of humbler engines.

Only one is offered: a 2.8 litre 6-cylinder unit that accelerates the Royale to a top speed of 115 mph.\*

Inside, the furnishings are such that even the most critical of travellers will find little to carp at.

The seats are covered in crushed velour with head restraints at the rear as well as the front.

You can even adjust the driver's seat for height, as well as for reach and rake.

Additionally, the steering wheel can be tilted and the steering is powered.

Those interested in the smaller details will find

central locking for the doors, an electronic boot release, a sliding steel sunroof and radio/stereo cassette player.

While outside are double-skinned metallic paint, alloy wheels and a headlamp wash/wipe system.

In fact, the Royale's specification is so complete that the only option offered is air conditioning.

Your Vauxhall dealer will be glad to demonstrate these virtues to you.

And you'll find he hasn't the slightest inhibition about extolling the car's remarkable value.

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## Is it vulgar to talk about value in a luxury car?

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## UK NEWS

# Tax plans could hit Statfjord profits

BY SUE CAMERON

THE North Sea's biggest oil field—Statfjord—could become only marginally profitable if plans to increase taxes on crude sales go ahead, according to companies with interests there.

The Norwegian Government proposes to raise the total tax on oil revenue from its North Sea sector from 69.2 to 81.3 per cent. The UK Government is expected to adjust its oil taxes in tomorrow's Budget by increasing the basic rate, reducing allowances or both.

The oil companies said yesterday the Norwegian increases would cut rate of return on the field from 24 to 17 per cent. If the price of crude fell in real terms, Statfjord would become only marginally profitable.

The companies include Statoil, the Norwegian state oil group, Mobil, Esso, Shell and the British National Oil Corporation. They are taking steps to increase short-term production at Statfjord to improve the rate of return in face of the tax plans.

## North Sea oil 'too dear' say brokers

BY RAY DAFTER, ENERGY EDITOR

NORTH SEA OIL companies are charging more than \$3 a barrel above the true market value for their crude oil production, according to a new report on the offshore industry.

The claim, made by London stockbrokers Fielding, Newson-Smith, was denied by oil companies yesterday. Nevertheless, the assessment could still be embarrassing both to the industry and to the Government, which has been closely associated with price-setting.

The brokers have analysed the worth of a range of crude oils on the basis of the various refined products that they can provide and the price of these products.

The report finds that while Saudi Arabia's light crude oil is far "too cheap" in relation to oil from other areas, North Sea oil appears to be too expensive. It is said to be even more overpriced than crude oil sold by Iran, a leading high price producer within the Organisation of Petroleum Exporting Countries.

Nigerian and Kuwaiti crudes are said to be "correctly" priced. As Fielding, Newson-Smith points out, the prices of North Sea and African producers are closely linked. Both areas produce light, high quality crude oil, although, according to the report, on balance African oils yield a higher proportion of higher-priced products than North Sea crudes.

Bonny Light crude oil, produced in Nigeria, now costs \$34.20 a barrel whereas the output from Phillips Petroleum's Ekofisk Field, in the Norwegian sector, is priced at \$34.50. The "marker" price for UK North Sea oil—based on Forties Field crude—is \$33.75.

The brokers claim that Ekofisk oil is \$3.18 a barrel overpriced. Other North Sea crudes, although being sold at lower prices, were even more overpriced because of their inferior quality, the report states.

The report will embarrass the Government because in recent months it has played a key role in North Sea oil pricing policies. In particular, it instructed British National Oil Corporation, the state oil undertaking which has considerable influence over UK oil prices, to adopt a moderate pricing stance and to follow world trends rather than lead them.

ENOC commented yesterday: "The present prices of North Sea oil are, we believe, very much in line with current international market prices."

Other companies also disputed that North Sea oil was overpriced. The industry pointed out that UK oil had traditionally been sold at prices a little below those charged by Nigeria. This was the present situation.

Mr. Henrik Ager-Hanssen, executive vice-president of Statoil, said the two consortia involved (one for the UK, one for the Norwegian sector) had asked the Norwegian Government for permission to effectively double the amount of gas being flared temporarily until the gas injection system becomes operational. This is expected to be May.

Norway has set an upper limit on the amount of gas flared. This means only 60,000 barrels of oil a day can be produced from the four wells in operation, although their capacity is nearer 120,000 barrels. But this would require flaring twice as much gas.

Mr. Ager-Hanssen said the Statfjord group would decide whether a gas pipeline should go to Norway, the UK or the Continent later this year. Recommendations for a gas-gathering system put forward by Mobil and the British Gas Corporation would strengthen the case for all Statfjord's gas to be landed in the UK. But the crucial factor would be the price potential buyers were prepared to pay.

The consortia's other step is to ask Norway to allow them to drill and produce oil from the same platform. The Norwegian Government has based this on safety grounds, although it is done in the UK's North Sea sector. Simultaneous drilling and production would mean oil would be kept flowing from a larger number of wells.

A new British-owned oil company, Venture Oil, was set up yesterday, to apply for exploration licences in the forthcoming seventh round of applications for the UK North Sea and English Channel areas. Shareholders include insurance companies, pension funds, investment trusts, private investors and industrial concerns. Premier Consolidated Oilfields has been appointed manager.

London's latest museum, housing London Transport's historic vehicles collection, is to be opened by Princess Anne in the former flower market at Covent Garden on Friday.

Star attractions are expected to be the first London horse bus, introduced by George Schilbeier in 1829, and the world's first underground electric rail car. The rail car is the 90-year-old "padded-cell" design, so-called because of its lack of windows and the plush upholstered seats.

The collection has been moved from Syon Park, Brentford.

## More schedule flights start from Gatwick

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PASSENGER and cargo traffic at London's Gatwick Airport is expected to increase substantially this year, with 24 new scheduled services due to start in the coming months.

In early April, British Airways will start flying to Stockholm, Scandinavian Airlines System to Oslo and Philippine Airlines to Manila.

British Airways will also start services to Bologna in Italy, while both BA and the Civil Aviation Administration of China are expected to begin flights between Gatwick and Peking, although precise starting dates are not yet known.

Air Zimbabwe start services to Salisbury, Rhodesia, on April 3, while at the end of the month British Caledonian will start flights to St. Louis in the U.S., followed by a schedule to Atlanta, Georgia on June 1.

Other new services planned for this spring and early summer include a Dan-Air service on May 1 to Munich, and a Pan Am service from July 1 to Houston.

Later in the year, Garuda of Indonesia will start flying to Jakarta, British Caledonian expects to start flights to Hong Kong, and from November 1 British Airways will transfer its remaining flights to and from the Iberian Peninsula from Heathrow to Gatwick. This will add Barcelona, Bilbao, Lisbon, Madrid, Oporto and Valencia to the Gatwick list.

Over the next few years, further expansion between the U.S. and UK is now certain following recent Government agreements on new air services. Schedules to Miami, Boston, Denver, Anchorage and possibly also Minneapolis-St. Paul are expected later this year.

## German machinery plant in Ulster to close

BY OUR BELFAST CORRESPONDENT

A GERMAN-OWNED injection-moulding machinery manufacturer is to close its factory at Craigavon, Northern Ireland, with the loss of 120 jobs.

Demas Plastics Processing Machinery, a subsidiary of Mannesmann Demag, said the closure after 13 years of operations in Ulster was part of a rationalisation brought about by rising production costs and stiffer competition.

The company said it was to confine production to a single range of injection moulding machinery, and it would not be viable to divide the manufacture between Northern Ireland and its West German plants.

The decision was no reflection on the performance of the Craigavon factory and its labour force.

Working with Sir Peter Carey, the Department's permanent secretary, Mr. Lippitt was one of the main architects of the last Government's industrial strategy, and designed the selective investment schemes which were aimed at encouraging industry to modernise itself and to expand its capital investment.

He has been one of the Department's seven deputy secretaries since May 1976, in charge of overall co-ordination of industrial and commercial policy. This has included administration of the Industry Act and of the National Enterprise Board as well as commercial work overseas.

He believes that State intervention is needed to act as a catalyst for the private sector, and his domain has consequently been reduced since the general election, although he has worked closely with Sir Keith Joseph, Industry Secretary and has also sparred with Mrs. Thatcher.

Now, with the personal blessing of both the Prime Minister and Sir Keith, he is going to GEC, attracted as many civil servants have been before by the opportunity to operate with industrialists and Ministers and Parliament.

But at CEC Mr. Lippitt will have the difficult job of trying to co-ordinate activities of highly independent companies which will probably welcome his interference and help less now than they did when he was in Whitehall. Few activities are co-ordinated from GEC's headquarters so Mr. Lippitt's appointment, if it is successful, could be seen as a new development in the group's management structure.

Mr. Lippitt insists that he will not return to the Civil Service, although he believes there should be more interchange between Whitehall and industry. Nevertheless, it will be surprising if he does not quickly gain a spot in the Civil Service Department's list of the "great and the good," so earning himself considerable consideration for the chairmanships of nationalised industries and other public sector posts in a few years' time.

## Talks on Ulster's future adjourned

BY STEWART DALEY

THE CONSTITUTIONAL conference on Northern Ireland adjourned yesterday for an indefinite period amid strong indications that the Government is planning soon to formulate its own proposals for limited devolution.

This follows the failure of local politicians to agree on any effective form of power-sharing.

Mr. Humphrey Atkins, Secretary of State for Northern Ireland, announcing the adjournment, would say only that he was now planning to report on the progress to his Cabinet colleagues.

All along he has insisted that the conference was never intended to find instant solutions to the constitutional imbroglio. There is no local authority between the all-powerful Secretary of State and the almost impotent 26 district councils.

Rather than reporting to the full Cabinet, Mr. Atkins will be conferring with the so-called ad hoc advisory committee on Northern Ireland, which consists of Mr. William Whitelaw, the Home Secretary, Mr. Francis Pym, Defence Secretary (both of whom were former Secretaries of State for Northern Ireland) and Mr. Norman St. John-Stevas, leader of the House.

The suggestion at Stormont is that this committee will formulate proposals for some of political devolution.

The proposals could be included in the Queen's speech next November and then submitted to an Ulster referendum.

It is not clear whether the Government has specific proposals in mind. But at a Press conference, Mr. Ian Paisley, the main Unionist delegate, said: "The British Government will bring in proposals which in some respects will be repugnant to the Unionist people and which in some respects will be repugnant to the Social Democratic and Labour Party as well."

Mr. Paisley indicated he was very confident that the conference would be reconvened and that Government proposals would be forthcoming.

Smuggling prevention cost £85m

BY GARETH GRIFFITHS

A SCHEME designed to prevent cartle smuggling between Northern Ireland and the Republic of Ireland cost £85m between 1975 and 1979 MPs were told yesterday.

The Public Accounts Committee heard evidence on the Northern Ireland meat industry employment scheme when Dr. James Young, Northern Ireland Agriculture Secretary, said the cost had escalated due to the weak position of sterling in the mid-1970s. It had been brought in to cover the difference in the value of the green pound in the Republic and Britain. It was now expected to cost £6m in the coming financial year.

Five thousand jobs in the slaughtering and meat processing industry in Northern Ireland had been saved by the scheme, Dr. Young said. Without it, cattle would have been shipped across the border illegally to the Republic to take advantage of higher prices there.

City journalist Alexander dies

MR. STANLEY ALEXANDER, former city editor of the Sunday Express, Daily Express and Evening Standard, and editor of City Press, the City of London weekly until 1968, has died aged 84. He was a staunch advocate of free trade and a leading anti-Common Market campaigner. He leaves a widow and two sons.

## Electricity board uncovers £250,000 fraud by workers

BY JAMES McDONALD

AUDITORS in the South Eastern region of the Central Electricity Generating Board have uncovered a fraud by some workers employed by several private contractors to the regional board. The Board estimates that by claiming for hours not worked and for jobs not done over a two-year period the men have collected about £250,000.

When the falsifications of time sheets were discovered the CEGB was informed and other regional boards were alerted. But a CEGB spokesman said yesterday that investigations had produced "no evidence that this type of fraud had been carried out in other regions."

The fraud was found after a computerised check on people coming into work and departing at the region's 12 power stations.

The regional board said yesterday that there was no suggestion that the contractors themselves had been party to the falsifications. The contracted work was on a "cost plus" basis — payment for the

time and materials involved together with an agreed fee — and the contractors had merely submitted the time sheets they had received with their claims.

The regional board is now trying, where possible, to have similar contracted work done on a fixed price basis. The jobs had been mainly ancillary contracts to major maintenance work at the power stations and because of the difficulty in estimating in advance the time and amount of materials needed the "T and M" basis had been chosen.

The regional board had asked contractors to repay the money involved. A certain amount had been received. But some contractors were objecting to payment of a fairly large proportion of the money. Negotiations were continuing, but the board has no intention, at this stage, of naming the contractors.

Of the £250,000 total, about two-thirds represented contract work at the region's two largest stations at Kingsnorth, Kent, and West Thurrock, Essex, with the remainder spread over the region's other 10 stations.

Sainsbury in credit card scheme trial

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE J. Sainsbury supermarket group plans for the first time and for a trial period to allow the use of credit cards in some of its stores.

Sainsbury has traditionally refused to offer credit facilities in its supermarkets even when, in recent years, other supermarket groups have offered their own credit cards.

But the increasing willingness of shoppers to use credit cards for both food and non-food shopping has forced Sainsbury to launch its own experiment with credit card facilities.

Sainsbury intends to allow Access and Barclaycard to be used in six of its large supermarkets and two freezer centres. Other supermarket groups, such as Tesco and Asda, have also recently agreed to allow both cards to be used although both run their own in-store credit card scheme.

Supermarkets have found that with the present pressure on consumer spending, it is necessary to allow shoppers all methods of payment.

The six Sainsbury's supermarkets to operate the scheme from April 14 are: Coldham's, Lane, Cambridge; North Chesham, South London; Lord's Hill, Southampton; Broad Marsh, Nottingham; King's Heath, Birmingham; and Broadfield, Crawley. The two freezer centres are at Dulwich and Lewes.

Gareth Griffiths writes: The food industry is likely to be dominated by a small group of powerful manufacturing and retail groups by the mid-1980s with smaller manufacturers coming under increased pressure, according to a forecast by stockbrokers Hoare Corbett.

In a survey of the industry, Hoare Corbett suggests that the pressures on profitability will continue, falling mainly on the smaller manufacturers and retailers.

Independent truckmakers forced to cut output

PRODUCTION cuts have been forced on Britain's two independent truckmakers by slackening demand in recent weeks.

Foden's moved to a four-day week, at the beginning of the month, producing about 35 trucks weekly against a planned 50. ERF has cut back from 16 trucks daily to 14.

Registrations in the industry as a whole were holding up well through to mid-March. But the smaller companies may be seeing a trough in demand because of the steel strike.

"There has been a cutback in the past four to six weeks, generally from companies associated with the steel industry. There has been quite a slump in this sector," says ERF chairman Mr. Peter Foden.

He expects a swift resumption in demand with resolution of the strike, and will review production levels in two weeks.

Foden's has been the subject of takeover speculation since Friday, when its shares rose 5p to 31p. They rose another penny yesterday, to close at 32p. But Mr. Bill Foden, chief executive of Foden's, says he is not aware of any imminent bidder.

Hilliard miniature sold for record £75,000

A MINIATURE by Nicholas Hilliard of the young Jane Broughton, painted in 1574, sold for £75,000, plus the 11.5 per cent buyer's premium and VAT, at Sotheby's yesterday. It was an auction record for a Hilliard and set a new high for any miniature, exceeding the £65,100 at Christie's in 1971 for one by Isaac Oliver.

The buyer was an anonymous private collector, and the vendor a descendant of Jane Broughton, who was probably a lady-in-waiting to Queen Elizabeth. The previous highest price for a Nicholas Hilliard was £64,000, paid in 1977. The auction of a miniature, gold-boxed and also acquired a gold snuff box of 1774 made in London by George Michael Moser and Paul Bocquet for £27,000.

## Reopening the job switch debate

THE appointment of Mr. John Lippitt, one of the Industry Department's top civil servants, to be group export director of GEC, will reopen the political controversy of whether civil servants should be allowed to switch into the private sector.

It is a controversy that has erupted regularly for nearly 50 years as large companies have employed civil servants, either in senior management positions when they are in their forties or fifties, or as non-executive directors on retirement.

The fear is that the civil servants can use their special knowledge of Whitehall and Government policies, and of the plans of other companies, to the advantage of companies employing them. Critics have also suggested that some appointments might appear to be made in return for services rendered by the civil servant while he was in Whitehall.

Since 1975 a special Government committee under the chairmanship of Lord Diamond, the former Labour Minister, has vetted such appointments and has sometimes proposed restrictions—for example that there should be a "quarantine period" of up to two years after

a civil servant or former senior armed forces officer leaves Whitehall and enters private industry. Permanent secretaries automatically have at least a three-month "quarantine."

Most controversy usually occurs when top civil servants take up remunerative part-time posts on retirement. The case of civil servants moving in mid-career—such as Sir Alex. Jarrett, now chairman of Reed International, and Mr. Alan Lord, now managing director of Dunlop—is often regarded more favourably.

Mr. Lippitt's appointment, however, is specially controversial, even though it has been approved by the Diamond Committee. Not only has he been at the centre of the making and execution of Government's industrial policy for some years, but he has also been involved in co-ordinating the efforts of GEC and other companies to win major power station contracts in Hong Kong.

It is his entrepreneurial activity that brought Mr. Lippitt, 51, to the attention of Sir Arnold Weinstock, GEC's managing director, who has apparently decided that his aggressive negotiating and co-

ordinating skills will be of use in pulling together various export activities of GEC companies, especially in heavy engineering and electronics.

Sir Arnold is interested in maximising GEC activity in the Far East. This is likely to provide Mr. Lippitt with much of his initial work. In particular GEC was to win contracts for Hong Kong's Castle Peak "B" power station which might be put out to international tender by China Light and Power.

Mr. Lippitt's co-ordination work in negotiating contracts for the Castle Peak "A" station brought more than £100m work to GEC. Now he will try to repeat the exercise working not from the Industry Department but from GEC's headquarters.

A former tax inspector who, unlike most other senior civil

## JOHN ELLIOTT ON THE MOVE OF A TOP CIVIL SERVANT TO GEC

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A former tax inspector who, unlike most other senior civil

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## UK NEWS

KENNETH GOODING ON A DECISION FOR EUROPE'S CAR MAKERS AND DRIVERS

## Rivals are gearing up for the shift to automatic

CAN EUROPEAN car drivers be persuaded to switch from manual gear-changing—which 88 per cent opt for at the moment—to automatic transmission? Two companies are betting heavily that they can.

Automotive Products of the UK has just given details of a new automatic which it says is as efficient and economic as a manual gearbox but cheaper to make than a conventional fully-automatic transmission.

Not only is the transmission an important technical achievement, said Mr. George Peers, the managing director, but it could also have a significant medium-to-long-term impact on AP's profits.

It happens that Borg-Warner, the U.S. group, plans to roll up this summer at its Kenilworth, South Wales, plant to mass-produce a direct competitor to the AP product.

Borg-Warner will manufacture a "continuously variable" automatic transmission (a CVT) to be used initially in the 1983 version of Fiat's Strada.

This CVT has evolved from a simple, belt-driven one invented by Van Doorne Transmissie in Holland more than 20 years ago.

Last year Borg-Warner and Fiat each pumped in \$7.5m and each took a 24 per cent shareholding in Van Doorne, because the Dutch company had come up with an improved system using a tougher, metal belt,

which looked very promising.

With Borg-Warner providing extra know-how and Fiat as a potential large customer, Van Doorne's improved system has been further refined, and is now ready for production and use.

Until now sales of automatics in Europe have been mainly held back by the extra cost.

The car makers offer them as optional extras and it is normal practice in the business to charge heavily for extras—that is where much of the profit is made, because margins are much higher than on the basic vehicles.

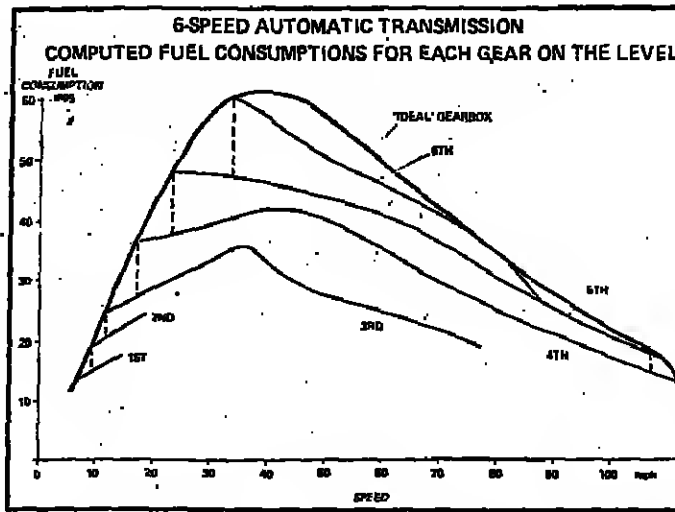
As a result the car assembly groups have gained a reputation for over-pricing automatics and sales have been predominantly restricted to the more expensive vehicles where the added cost does not look excessive.

There are other factors. In Europe it is often considered more masculine (perhaps because it is more stressful) to control a car through a manual gearbox.

In addition automatics use more fuel than a carefully-driven manual.

Any potential growth was eliminated by the second oil crisis last year because sales of cars with engines over two litres—just the type to incorporate automatic transmission—slumped severely.

But the situation could change



by the mid-1980s.

Automotive Products is tackling the cost problem at the production end. Its new transmission uses mainly the components of a conventional manual gearbox so little extra tooling up is needed. One plant could produce both manual and automatic boxes and AP says the automatics would not cost much more than the manual.

It is difficult to put a figure on the extra cost because, as AP discovered, manufacturers are reluctant to give details of the cost of making manual gearboxes.

But AP suggests the cost of its automatic will fall halfway

between that of a manual gearbox and that of a regular automatic.

And if a company wanted to start with a brand new plant, AP offers a development of its new automatic—a six-speed version no larger than the four-speed one—which reduces fuel consumption by 25 per cent.

The more gears available, the better the engine performance can be used to transmit power to the wheels.

That's why Fiat and Borg-Warner are so interested in CVT—it is like having a 100-speed transmission.

Borg-Warner also maintains that the new CVT lives up to

the major criterion for any automatic: it represents no more than 7 per cent of the basic cost of the car.

Both AP and Borg-Warner aim their systems at the small-engined, front-wheel-drive cars which will predominate throughout the developed world in the 1980s.

Both are looking towards the U.S. in particular, where the average driver needs no convincing about the benefits of automatics. However, in the short term at least, the U.S. manufacturers are resisting innovation in automatics. In its highly successful "X" cars, for example, General Motors is using an automatic developed from an existing system.

Some people in the European industry suggest that the Americans are suffering from a bad case of "NIB" or "not invented here." More likely the companies cannot afford for the time being to ignore the investment they have locked up in existing transmission plants.

There is a good chance, however, that in the medium term the U.S. car makers will invest in brand new transmission plants to produce lightweight, fuel-efficient automatics more suited to the needs of the 1980s.

AP and Borg-Warner (and Van Doorne) will be ready to sell know-how if that happens.

Japan too offers tremendous potential as a source of

components and a market.

Both the AP and Borg-Warner transmissions are designed to link in with future electronic engine management systems. The industry is convinced that the best method of getting maximum potential from today's engines and gearboxes is to have them linked through a micro-computer which makes almost instantaneous adjustments as the car moves along.

The potential to get 60 mpg at 100 mph exists when such a system is employed. But developing electronics which will remain reliable in spite of the extremely difficult conditions they must endure under a car's bonnet is taking some time.

Lucas is working on a system to "manage" the engine and automatic transmission and says it should be ready in about 18 months. Borg-Warner says a good many, not necessarily made by Lucas, should be in use by 1985—and not only in luxury cars.

The total microprocessor management system would by-pass the most inefficient link in the engine-transmission dialogue—the driver. In future, all he will have to do is press a pedal and the micro-computer will do the rest.

But if this system is to be used then the cars which employ it will have to have automatic transmissions.

## Pension funds may hold £40bn assets

BY ERIC SHORT

THE TOTAL ASSETS held by pension funds are estimated to be about £40bn, according to the latest edition of Pension Funds and their Advisers. This estimate, far higher than that of the Central Statistical Office or the National Association of Pension Funds, puts pension schemes assets at the same level as those held by building societies and life assurance companies.

The book sought information on pension schemes from all companies with at least 500 employees. But they point out that there were still a number of funds not prepared to divulge any information. There is, at present, no legal requirement for pension schemes to account to the public. The book was, however, able to quantify the assets held at £34bn and from this base the overall estimate

was made.

The guide provides a series of articles on pension funds written by experts in investment fields. North American and European pension funds are listed for the first time, and there is full information on 700 UK companies which act as advisers to pension funds.

The book lists the largest 200 pension schemes and shows that there are five schemes with assets in excess of £1bn. These are the Post Office—£2.8bn, National Coal Board—£2.1bn, British Rail—£1.5bn, Electricity Supply scheme with £1.5bn and British Steel—£1.1bn. The largest company scheme is ICI with an estimated £950m of assets.

*Pension Funds and their Advisers* from AP Financial Register, 9 Copelandg Gardens, London NW11 9JX.

## Inflation rate 'could be reduced to 1½%'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE inflation rate could be cut to 1½ per cent within four years if public sector borrowing is reduced progressively, a group of Liverpool University economists argued yesterday.

The group, under Professor Patrick Minford, said that if public sector borrowing is cut from its present level of 5.5 per cent of Gross Domestic Product (GDP) to 0.5 per cent in 1984-85, with money supply growth falling in parallel, output is likely to stagnate this year, recover in 1981, and reach a normal rate of growth of nearly 3 per cent from 1982 onwards.

Inflation will remain high in 1980 but likely to decline sharply in 1981, reaching about 8 per cent in 1982, and thereafter continuing to drop until by 1984 there is the prospect of a stable currency.

The key policy implications of the Liverpool Model is that the Budget should, in order to assist assessment of inflation prospects, express the future programme of cuts in public sector borrowing as a percentage of GDP and of money supply growth.

The group also suggests that if public sector borrowing is held at its current share of GDP the inflation rate will still be in double figures in the mid-1980s.

In another pre-Budget analysis published over the weekend, the broker L. Messel suggests that even if borrowing is held at £9bn in 1980-81 interest rates may stay at close to present levels until the third quarter because of the intense squeeze on the corporate sector, the dangers of rebuilding building society liquidity too quickly and rising international interest rates. But interest rates could fall sharply at the end of the year.

A reduction in the employers' national insurance surcharge is expected by stockbroker Wood Mackenzie, and by Phillips and Drew. In its latest market review the latter firm says that, on unchanged policies, the build up of North Sea oil revenues will more than eliminate the Public Sector Borrowing Requirement by 1985. The resulting scope for reduction is likely to be absorbed more by public spending growth than tax reductions.

## Ronay says city pubs are food black spots

BY GARETH GRIFFITHS

FOOD PRICES in many British public houses remain remarkably low and offer good value for money, according to the Egon Ronay 1980 Pub Guide published yesterday.

Only one public house in 70, however, merits a mention in the guide, and of 4,500 public houses visited by the inspectors 3,500 were rejected. The guide complains that "too many pub meals are, alas, a tale of woe." City centres in particular, suffer from a shortage of places serving acceptable bar food.

The guide says many pubs serve a wide selection of snacks for under £1 per portion and says free houses and tenanted premises were found to have the highest standards.

The old fashioned British breakfast appears to be one of the strongest points. "Breakfast, declining in British hotels, is a gastronomic treat at pubs," the report says. Pub breakfasts are usually "ample meals" and "for breakfast alone, it's worth spending the night at a pub."

Accommodation at public houses offers much greater character and informality than

hotels, the report says. Sir Henry Marking, chairman of the British Tourist Authority, said at the guide's launch that public houses provided a possibility for tourists to meet ordinary British people.

He forecast that foreign currency earnings this year from tourism would rise from £3.5bn to £4bn.

## Cumbria energy centre planned

AN ENERGY exhibition centre planned for Millom, Cumbria, is seeking sponsorship from industrialists and planners who have already shown interest in the scheme of Copeland's recreation and amenity officer, Mr. Wesley Park.

Planned first is a solar dwelling that makes use of wind power, solar radiation, rainfall and a self-contained recycling toilet system.

Mr. Park said: "We are getting help towards the centre from industry and environmental groups, such as the Friends of the Earth."

## CONTRACTS

## £2.5 vehicle maintenance centres for Baghdad

The overseas contracting division of BILLINGTON STRUTURES, South Yorkshire, has been awarded a £2.5m contract to design, build and equip two vehicle maintenance centres for Amanat Al Asima (the municipality of Baghdad). The centres, which will be located at Kadimya and at Kasrah and Atash, are exclusively for vehicles owned by the city. The Kadimya site will handle Scania trucks, while the Kasrah and Atash site will be used for maintenance of Mercedes trucks, earthmoving and heavy contractors plant, each centre handling about 40 vehicles at any one time.

The British National Oil Corporation has placed an order worth £1m with BUSTON GAS TURBINES for three 3.4 MW gas turbine generator sets which will be installed at Nigg Bay where the pipeline from the Beatrice field terminates. They will provide electrical power for opera-

tion of the terminal, including heating oil in storage tanks before it is pumped to tankers berthed offshore.

CHESHIRE FIRE ENGINEERING has been awarded a contract by the Greater London Council, valued at almost £1m, to supply 85 fire appliances to London's fire brigade. The pumping appliances are based on a Dodge chassis/cab powered by a Perkins diesel engine. The appliances will incorporate rear-mounted Godiva 1,000 gpm. Multi-pressure, engine-driven waterpump, 300 gallons first-aid water tank and twin high-pressure hose reels. Cheshire Fire Engineering is an E.R.P. (Holdings) company.

SWITCHGEAR AND INSTRUMENTATION, Bradford, has won orders worth almost £700,000 to supply panel equipment to the Sullom Voe oil terminal project.

## Cheap energy is a thing of the past. So here's some advice for the future.

For several years now domestic gas consumers have enjoyed something of a bargain. In a decade of soaring inflation, the price of gas in real terms has fallen by about a third. The promise of North Sea gas has been and will continue to be fulfilled.

But, as announced in January, our customers are going to have to pay more for their gas in future. The price will go up by an average of 17 per cent from April 1 and further increases will follow this year and in the next two years.

Gas will remain a good buy compared with other forms of energy for the foreseeable future, even though the age of cheap fuel and power has gone for ever.

Fortunately, however, most people can do quite a lot to protect the family budget against the effects of these inevitable price increases.

Here are some simple ideas which will help you save gas—and save money into the bargain; and some ways to spread the cost of your gas more evenly over the year.

## MONEY SAVING TIPS... AND HOW WE CAN HELP

## Stop Obvious Heat Losses and Wastage

- \* Keep doors and windows shut.
- \* Keep curtains drawn where possible.
- \* Turn heating off in rooms not in use.
- \* Use weatherstripping to stop draughts round doors and windows.
- \* Don't waste hot water.
- \* Dress sensibly—don't sit in your shirtsleeves with the heating on full blast when a sweater would keep you just as warm.
- \* Make sure your hot water cylinder's properly lagged with a thick, snug-fitting jacket.

## Use Your Central Heating Controls Sensibly

- \* Turn your thermostat down a degree or two. The chances are you'll hardly notice the difference—but you'll be saving money. (Where there are elderly people or young babies, special care should be taken in making temperature reductions.)
- \* Use your time clock properly—there's no sense in heating the house when there's no one home.

## Insulate Your Loft

- \* If your loft isn't insulated, you could be losing up to a quarter of your heat straight through the roof.
- \* Insulation doesn't cost the earth—and you may even qualify for a local authority grant.

## Have All Your Gas Appliances Serviced Regularly

- \* Keeping your gas appliances in top working order can help them to work more efficiently.

## Energy Conservation Advice and Materials

- \* Gas showrooms have free leaflets giving more detailed advice on how you can avoid wasting gas in your home. We also have Energy Advice Centres, where you can obtain information and buy insulation materials and up-to-date energy saving controls for your central heating.

## We Can Help To Spread The Cost

- \* Ask at your gas showroom for details of our Easy Payments schemes, which include special Gas Savings Stamps and Budget Billing methods which allow you to pay a regular amount each month.

## In Cases of Real Hardship

- \* If you face genuine hardship over the payment of your gas bills, you should get a copy of the Code of Practice on the payment of bills—it's available at your gas showroom. It tells you what to do and how you may be able to obtain help if you are in genuine need of assistance.

BRITISH GAS

Don't waste your energy







## UK NEWS

## Hospital buildings kept empty because of cuts

BY ROBIN FAULEY

NEW BUILDINGS for at least three new hospitals are being kept empty because there are no funds to pay for them to be opened and staffed.

The Department of Health and Social Security says it is aware that cash shortages are forcing some temporary closures of hospitals but says there are no figures for the number of hospitals involved nor for the cost of "mothballing".

In Nottingham, more than £500,000 a year is now being paid in rates and maintenance to keep the second phase of the University Hospital and new facilities at the City Hospital closed.

Phase one was handed over to South Nottinghamshire Health District last year and was opened. But now there is no money to transfer such services as gynaecology, psychiatry and geriatric day hospital facilities to the Queen's Medical Centre, one of the most modern hospitals in Europe.

The Association of Health Service Trustees says the problem is a direct result of short-term restrictions without regard to long-term planning.

In the 1980s the Government authorised major capital programmes to update medical facilities and the assumption was that this was to continue for the rest of the century.

Since 1973 the long-term interests of the service have been increasingly sacrificed as a result of financial restraints.

Health authorities say they have been put into an impossible position because of the very long lead-in times on multi-million pound hospital projects.

In addition health authorities operate with a finite sum of money and cannot generate income. They are unable to build up reserves, as they can carry forward only 1 per cent of any underspending.

When the gross allocation from the Government is cut, therefore, there is no financial fall-back position. A spokesman in Nottingham said: "Our allocation has been cut and we are already in a bad way financially as a result of overspending £137,000 last year. Cuts in services and staff redundancies are a possibility."

A similar problem has arisen in Plymouth, where long-term plans for hospital projects are being handed over in the usual way, phase by phase. Phase one, 350 beds, has been handed over and support services exist for the full 1,200-bed plan. But the second phase remains only an empty shell and there is no borrowing facility to keep it going.

A spokesman for the South Western Regional Health Authority said the delay could mean another 10 years before full value for money was obtained from the project.

The new cash limits and hospital allocations for the health service will be announced in the public expenditure White Paper on Wednesday.

## Engineering figures reflect fluctuations

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

ENGINEERING orders and sales fluctuated violently last year because of major industrial disputes, but the overall level turned out to be little different from the previous year's.

The official figures, published in British Business, give some indication of the disruption the industry suffered in 1979.

The volume of sales at the beginning of the year stood at an index of 85 (1975 average monthly sales 100), reflecting the road haulage dispute. By June, sales had recovered sharply to 109, but fell again to 94 in September at the peak of the engineering dispute. By the end of the year, they had recovered to 104.

Figures adjusted to give an estimated trend show that the overall level of sales held up slightly higher than the previous year.

The volume of new orders placed in 1979 was almost exactly the same as in 1978, although there was a slight increase in export orders. Orders placed by the home market reacted more sharply to the disruptions in production

than those from abroad, starting the year at an index of 90, recovering in mid-year, only to fall again during the late summer. November was the peak month at 112.

Figures in British Business for the machine tool industry last year show a marked divergence between the home and export markets. Surprisingly, in view of the strong pound, new export orders have been increasing steadily throughout 1979 although starting from a very low base.

In January, the estimated trend index for new export orders stood at 67, which by the end of the year had gone up to 80. Exports to the U.S., where substantial investment in machine tools has been made, may have been partly responsible.

The home market for machine tools, however, was far less healthy. The volume of new orders on an estimated trend basis stood at 99 in January, but by the second half of the year it was falling steadily to 65 in December.

## Circuit board makers challenge statistics

BY JOHN LLOYD

BRITAIN'S manufacturers of printed circuit board—the basis for the components used in electronic products—have claimed that their industry is being misrepresented in official trade figures.

The Electronic Components Industry Federation said the import figures for printed circuit boards (PCBs) of £21m for 1977 and £26m for 1978 were ten times too high. The true figures would be about £2m for 1977 and £2.5m for 1978.

The reason for the distortion, said the federation, is that PCBs with components already inserted were being counted in with "unpopulated" PCBs. "The high added value of such

products, relative to the low-cost unpopulated printed circuit board, is so distorting the reported statistics as to make them meaningless."

Customs and Excise figures show that exports of UK-made PCBs are growing strongly. In 1977, exports were worth £8.5m; in 1978, £8.3m; and in 1979 £12.1m.

The federation added: "Extrapolating this trend into the reported export statistics for all UK PCB manufacturers would indicate a favourable balance of trade—properly reflecting the strength of UK PCB technology, and misleading impression currently being portrayed."

## Kagan Textiles awarded costs over dye charges

THE prosecution at Leeds magistrates' court yesterday offered no evidence against Kagan Textiles, of Eland, on charges arising from offences relating to indigo dye powder. The company was awarded costs out of central funds.

Kagan Textiles had been charged previously with being concerned in the illegal exporting of indigo dye powder, falsifying a document relating to drums of indigo dye powder, and offences under the Exchange Control Act 1947.

The case against Michael Kagan, 28, of Barksland, Halifax, son of Lord Kagan, and Raymond Kennedy, 54, company secretary, of Leeds, was adjourned until April 21 when committal proceedings will begin.

Michael Kagan is charged with stealing four drums of indigo dye powder from Kagan Textiles, and currency offences under the Exchange Control Act 1947. Kennedy is also charged with currency offences under the same act.

A charge of false accounting against Michael Kagan was withdrawn, and two other charges of false accounting preferred against him.

A charge against Kennedy of being concerned in the illegal exporting of indigo dye powder was withdrawn, and a further currency charge preferred.

Both men, who were not in court, had their bail continued. A warrant has been issued for the arrest of Lord Kagan who faces similar charges.

## THE JOBS COLUMN

## 2D as ever, but only rarely so snappish

BY MICHAEL DIXON

"THEY HAVE played into my hands," I breathed, thinking of Peter Saville and Roger Holdsworth. Their eponymous company is the creator of a series of new, entirely British tests for assessing people's suitability for work of various kinds, and at the time I was fulfilling my promise, made in the Jobs Column of February 26, to take the test for management.

The feeling that they had played into my hands came as I opened the last of the four test papers. Its purpose was to assess my "spatial reasoning," or ability to think visually in three dimensions.

My score on a previous test of this ability caused a professional psychologist, trained over years to express nothing but patient sympathy, to erupt with laughter for several seconds before inquiring which of my ancestors built the Leaning Tower of Pisa. So I felt less than confident as I took up Saville and Holdsworth's spatial paper.

But the qualms went as soon as I opened it. There at the top of the paper was a two-dimensional representation of an opened-out box, with a different pattern on each of its six sides. Below was a series of closed-up boxes, drawn in three dimensions, with their visible sides bearing patterns ostensibly similar to those on the flattened-

out box at the top of the page. The task was to think out whether or not each of the three-dimensional boxes could be produced by folding up the two-dimensional version.

What Messrs S. and H. did not know when they produced this test—which like their other three papers was more clearly designed and straightforwardly presented than any I have taken before—was that I once worked on a poster for a card-board-box factory. I have seen literally hundreds of thousands of boxes, both opened-out and closed-up.

I therefore set about the task gleefully, but not casually, because it was by no means easy. Indeed, when young Sue Bawtree who was supervising me, called time at the end of 20 minutes, I had completed only 70 per cent of the questions on the paper.

That, however, was 23 percentage points higher than the number of questions I'd completed on the paper requiring me to think out answers from numerical information presented in tables and charts. And on the paper testing ability to reason which of an assortment of diagrams printed on the right, fitted a blank space in a sequence of diagrams printed on the left I had completed only 62 per cent. On the remaining paper, assessing ver-

bal reasoning, I had done the lot; but that is no more than anyone would expect from a journalist.

So, in terms of the number of questions I'd got through, the boxes had elicited my second-best performance. At last, I thought, I'd have a score for three-dimensional thinking which—albeit with a bit of accidental help from Messrs S. and H.—should silence the familiar jibes about my being not so much a blockhead, as a flathead.

## The result

Triumphantly, I have just opened Peter Saville's report on my results. And what does he tell me?

"In spatial reasoning—the ability to think visually—you were below average, achieving a score of about the standard of a CSE school-leaver."

That's not much of a reward for a year spent carefully costing myriads of cardboard boxes. In fact, the disappointment quite overwhelms my reported scores on the other three papers: my numerical reasoning, I was slightly above average for managers generally; in numerical reasoning, I was clearly above average; and in verbal reasoning I scored high.

Nor is the two-dimensional man bit the only let-down in Peter Saville's report. "Manage-

ment is not for you," he says, blithely.

There, however, he leaves me some room to argue because he bases that judgment not on the four tests I have outlined above, but on the results of another exercise "not of Saville and Holdsworth's creation, which I was asked to do as a supplementary."

This was the Stroog-Campbell?

Interest Inventory, intended to measure a person's likes and dislikes for doing various things. It is based on the theory that most people can be categorised—and their suitability for different kinds of work be indicated—by the pattern of their interest, or lack of it, in six main themes of activity. And on this exercise, I fear, the Jobs Column turned in a distinctly negative performance. The six themes are as follows:

**Investigative**, characterised by Peter Saville as "interest for analytical problem-solving and science; task-orientated need to understand technical matters"; Jobs Column's score was average.

**Artistic**, "preferring unstructured, creative situations and self-expression; usually less orderly and conforming, and more emotional, intuitive and expressive"; score, average.

**Enterprising**, "liking for selling and influencing others and business management; need for

organisational and economic goals and status"—score, moderately low.

**Realistic**, "interest and motivation for stable, robust and practical activities; liking for dealing with things and machines"—score, low.

**Conventional**, "need for order and systematic environment; conforming, and liking for structured tasks, with low tolerance of ambiguity"—score, low.

**Social**, "persons of this type are sociable, enjoy being central in a group and have verbal and interpersonal skills; enjoyment of activities involving informing, training and developing others"—score, very low.

From the results on the interest inventory, Mr. Saville concludes that the best place for the introverted creature which so described itself would be some ivory tower where it could get on with analysing words, figures, and perhaps diagrams, and with writing up its conclusions, with little or no interference from other human beings. But while I would not challenge his reading of the results as they were marked on the inventory, I would enter a certain caveat.

There was one important difference between the interest exercise, and the four Saville and Holdsworth tests which were mentioned beforehand. These four were all done during a two-hour session one Monday

evening. But the interest inventory was taken away to be completed the following morning, and returned for marking by post.

The fact that the inventory was so completed is in itself a compliment to a certain "order and systematic environment." For after the testing session of the Monday evening, the four people involved adjourned for further discussion to a neighbouring inn, where they met another person... and the Jobs Column was "sociable, and enjoyed being central in a group" for rather longer than it can remember.

Understandably, there was a touch of compensating misanthropy about the mood in which the interest inventory was completed the following morning. For instance, asked to choose between a job as a probation officer and one as a police-dog trainer, I had no hesitation in picking the latter. Although normally apprehensive about anything larger than a chihuahua, I felt at the time a strong sense of personal identification with police dogs, or at least the fiercer kinds thereof.

So while Peter Saville's recommendation that I be chained to my kennel was no doubt reasonable on the evidence before him, I'd plead that it was the product of circumstances in which anyone's bark is worse than his bite.

## STOCKBROKER WANTED

Licensed Dealers seek stockbroker who may have portfolio management but would like to have additional income from new investment schemes. Full office facilities available, including good commission and first-class associations.

All replies treated in the strictest confidence. Write Box A7089, Financial Times, 10 Cannon Street, EC4A 3DF.

## ASSISTANT COMPANY SECRETARY

Large Commercial Brokers require person between 25 and 35 with membership of the Chartered Institute of Company Secretaries, experienced in the following: Trade Marks, Patents, Insurance, Copyrights and Acquisition and Administration of Property.

Phone: Mrs. Thomas, 01-930 8855 ALFRED MARKS STAFF BUREAU

## General Manager

LONDON £15,000 + CAR

We are a major Far East Group with a medium-size growing company in London engaged in trading activities between Europe and the Far East. We are seeking a dynamic chief executive for the company aged between 35-45 years to be based in London.

The successful candidate will need to demonstrate strong marketing and commercial achievement together with considerable personal ambition, drive and enthusiasm to lead a small team of staff through the company's present development phase. Specifically we are looking for a person with experience in trading and who has contacts with industrial equipment and materials suppliers and manufacturers, and would also have the capability to develop outlets in Europe for consumer and industrial products from the Far East. Previous working experience either with or in the Far East would be a definite advantage.

The remuneration package comprises a basic salary negotiable around £12,000 per annum plus a car, plus terminal bonus. The right candidate could earn in excess of £20,000 p.a.

Applicants should write in strict confidence, giving full details of previous experience and qualifications by 24 April 1980, to Box A7100, Financial Times, 10 Cannon Street, EC4A 3DF.

## CONTRACTS AND TENDERS

## The United Arab Emirates Ministry of Public Works and Housing

P.O. Box 1828 Dubai - Tel: 664900

P.O. Box 878 Abu Dhabi - Tel: 62275

## INTERNATIONAL COMPETITION FOR THE

## OFFER OF CONSULTANCY

## SERVICES FOR THE DESIGN AND SITE SUPERVISION

## OF THE MINISTRY OF FOREIGN AFFAIRS

## BUILDING PROJECT IN ABU DHABI

No. MB/22/30/1A/80

The Ministry of Public Works and Housing is pleased to invite International and Local Consultants to submit offers for the open project on the Foreign Affairs building in Abu Dhabi.

All experienced consultants who have executed similar works of 50m UAE Dirhams or over and should like to participate in this tender should obtain the conditions and the programme from the Tender and Contracts Department in the Ministry of Public Works, Abu Dhabi and Dubai, during working hours from 8.00 am to 2.00 pm on Saturday 16/2/1980 against the sum of DHS 3,000 (three thousand Dirhams). Offers should be submitted to the Ministry office in Al Butain, Abu Dhabi not later than 12.00 noon on Sunday 25th May 1980.

Mohamed Khalifa Al Kindy  
Minister of Public Works & Housing.

## COMPANY NOTICES

## De Beers Consolidated Mines Limited

Incorporated in the Republic of South Africa

## NOTICE TO MEMBERS

Notice is hereby given that the thirty-second annual general meeting of the De Beers Consolidated Mines Limited will be held at the head office of the Company at 38 Beakwall Street, Kimberley, on Tuesday, 27th May 1980, at 10.00 a.m. for the following business:

1. To receive and consider the annual financial statements of the Company and of the Group for the year ended 31st December 1979.

2. To elect directors in accordance with the provisions of the articles of association of the Company.

3. To consider and, if deemed fit, to pass, with or without modification, the following resolutions as an ordinary resolution:

That the directors be and they are hereby authorised to allot and issue all or any portion of the unissued 15,577,914 ordinary shares of the Company of 10/- each and 15,577,914 deferred shares of 5/- each, such as the capital of the Company at such time or times, to such persons or persons, company or companies, and upon such terms and conditions, as they may determine.

A member entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company.

The transfer registers and registers of members of the Company will be closed from 17th May to 27th May 1980, both days inclusive.

Holders of deferred shares warrants to bearer who desire to attend in person at the meeting are requested to bring their warrants to the Company to be cancelled in accordance with the regulations of the Company under which such warrants to bearer are issued.

By order of the board  
J. O. S. ENGELS,  
Secretary,  
38 Beakwall Street, Kimberley,  
P.O. Box 816, Kimberley, 8300.  
25th March 1980

De Beers  
De Beers Consolidated Mines Limited

## JAMES WALKER

GOLDSMITH &amp; SILVERSMITH LTD.

NOTICE IS HEREBY GIVEN that the 35th Ordinary General Meeting of the Company will be held at 11.00 a.m. on Wednesday 3 April 1980, at 11.00 a.m. on Wednesday 3 April 1980, at 11.00 a.m.

G. S. SELLERS, Official Receiver,  
acting as Deputy for the Official Receiver attached to High Court at  
Justice

## COMPANY NOTICES

## CANADIAN PACIFIC LIMITED

NOTICE TO SHAREHOLDERS

The thirty-second Annual Meeting of the Shareholders of this Company, for the purpose of electing directors and for the transaction of business generally, will be held on Wednesday, 27th May 1980, at 10.00 a.m. at the Chateau Champlain, Place du Centre, Montreal, Quebec, H3T 2C4.

The transfer books of the Company will be closed at the close of business on Tuesday, 26th May 1980, and will be reopened on Wednesday, 27th May 1980, at 10.00 a.m.

The Board of Directors has specified that the share certificates of the Company, which are to be presented at the meeting, must be accompanied by the original or a certified copy of the resolution of the Board of Directors authorising the issue of such certificates.

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## UK NEWS—PARLIAMENT and POLITICS

## Tightening transport safety standards

By John Hunt, Parliamentary Correspondent

A CLAUSE WHICH paves the way for compulsory annual safety testing of all buses and passenger coaches was added to the Transport Bill during the report stage in the Commons last night.

The provisions will include vehicles run by local authorities and other public sector operators. Mr. Norman Fowler, Minister of Transport, reminded the House that 16 young people lost their lives in a coach accident in France during the weekend. "We must all be aware of the need to tighten up standards," he said.

The Bill, he explained, requires operators to demonstrate their competence to run their business, and that they had adequate maintenance facilities. Those who could not meet these standards simply would not be allowed to operate.

Department of Transport examiners would have the power to inspect public service vehicles at any time and prohibit their use if they were defective.

An annual test, he said, was a foolproof means of ensuring a thorough examination of all buses. At the moment there was the risk that some passenger vehicles were not examined as regularly as they should be.

The new clause would apply to all passenger vehicles which had more than eight passenger seats, regardless of whether they were used for hire and reward.

"It is a major step to bring all buses into line," he said. "It will help to give the public the confidence they deserve to have whatever kind of buses they travel on."

EEC regulations required that the new testing system should be fully operational by January 1983. This meant that the new tests would have to start by January 1982 at the latest.

The Government proposal did not go far enough to satisfy Mr. Albert Booth, Labour's Transport Spokesman, although he said that Labour MPs would not vote against it. He complained that the Government were only lifting the section of the Road Traffic Act 1972, which excluded large public service vehicles from the obligatory test certificate requirements.

Mr. Booth proposed a new clause prescribing specific regulations for annual inspection of public service vehicles at test stations or on the operator's premises.

He saw the need for a "stringent" and "impartial" requirement. The Government's new clause, he said, did not achieve this purpose and did not even specify that the tests should be on an annual basis.

## Pickets have 'no right' to stop lorries

PICKETS WILL not have the right to stop lorry drivers crossing picket lines, Sir Michael Havers, the Attorney General, said in the Commons yesterday.

Mr. John Evans (Lab., Newton) asked Sir Michael if in view of the fact that primary pickets would still have the right to "peacefully persuade" under the Employment Bill, the Government intended to introduce a new clause into the Bill to allow pickets to stop lorry drivers.

Sir Michael replied: "It has been decided that there should be no right to stop lorry drivers."

He told Mr. David Price (C., Eastleigh) that the TUC guidelines were "very sensible" and that he was sorry to hear reports that they were being withdrawn.

In reply to Mr. Robert Adley (C., Christchurch and Lydney), who said that the majority of trade unionists in the country supported the new law on picketing, Sir Michael said that a picketing situation was "a matter for the Chief Constable and particularly the chief police officer on the ground."

## Joseph firm on BSC cash

BY IVOR OWEN

RELAXATION of BSC's cash limits was again ruled out by Sir Keith Joseph, the Industry Secretary, in the Commons yesterday, when he was questioned about the financial implications of the 12-week steel strike.

He clashed with Mr. John Silkin, Labour's Shadow Industry Minister, who described the Prime Minister's weekend statement—that the Government's refusal to intervene to prevent the strike taking place had been for the sake of the taxpayer—as "extremely stupid."

To Labour cheers, Mr. Silkin argued that the strike had so far cost some £200m, and that the burden would have to be borne by the long-suffering taxpayer anyway.

Sir Keith retorted: "It does not follow that the losses imposed upon BSC by the strike have to be found by the taxpayer."

He stressed: "BSC will be required, as would any private business, to break even by every legitimate means in its power, that is including cutting overheads, buying better, reducing the stock, disposing of non-central assets, and, if necessary, by increased redundancies."

Mr. Michael Brown (C., Briggs and Scunthorpe) claimed that there were now many, many steelworkers who wished to settle along the lines of the offer made by BSC.

He asked for an assessment of the damage caused to job prospects and job security.

SILKIN: "Strike has so far cost £200m"

JOSEPH: "Increase should come from productivity"

## Moderate MPs meet to form new PLP 'mainstream opinion' group

BY PHILIP RAWSTORNE

Moderate Labour MPs meet at the Commons tonight to form a new pressure group within the Parliamentary Labour Party.

Let by a number of former junior ministers, they have decided that the time has come to give voice to the party's mainstream opinion.

It is more than likely that they will call themselves the Mainstream Group—representing as they do a current of ideas and attitudes which flows strongly between the party's Left and Right banks but laps against both.

The MPs feel that the strength of that centrist body of opinion has not been exerted sufficiently in recent months.

The Labour Party's divisions between Left and Right have been accentuated, they believe, in a way that has failed to recognise the majority in the middle.

It is not exactly a silent majority, it has found it difficult to press its collective points against either side or, indeed, to conciliate between them.

Mr. Brynmor John, MP for Pontypridd and a former Home Office Minister, and now the party's spokesman on Northern Ireland, said yesterday: "We have become increasingly concerned about the polarisation

within the Labour Party. "Ideally, we would rather not see any separate groups or factions in the party. But they exist—and we feel they do not represent the majority view."

"We want to reflect that mainstream opinion both at Westminster and in the constituencies."

Another MP quoted Edmund Burke: "If bad men combine, good men must associate."

Most of the MPs who are now banding together have previously steered well clear of the various party factions.

But they believe the Labour Party is now being seriously damaged by its internal divisions—seen at Westminster in the running warfare carried on between the Left-wing Tribune Group and the manifesto group on the Right.

Each of these groups claims some 80 members, leaving well over 100 unattached in the middle ground.

Yet the media, in its presentation of the party's internal arguments, invariably chooses spokesmen from the extremes.

"We are sick to death of being presented as two warring factions," said one moderate MP.

Some members of both Tribune and manifesto, it is said, are also becoming disenchanted with the "knock far

knock" approach to each other. The informal meetings which have discussed the situation during recent weeks have attracted support from both wings to the centre.

The new grouping believes it can thus become both a pacifying and a unifying influence—forcefully asserting a majority view and hopefully concentrating the party's mind on a position to the Conservative Government rather than its internal battles.

Such a move would certainly be welcomed by Mr. James Callaghan, despite his well-known dislike of organised party groups.

Mr. Callaghan wants the Parliamentary Party to act together, take account of all its broad church views in deciding on concerted action against the Government's policies and in devising a programme for Labour that would ensure its return at the next general election.

The mainstream MPs hope to allay any suspicions about their purpose by deliberately avoiding too formalised an organisation.

Both Mr. Merlyn Rees and Dr. David Owen have been suggested as possible chairmen and both are likely to be rejected.

Mr. John himself, with enemies neither to his Left nor his Right, is the favourite for the post.

But others who will be prominent as founder members are likely to include Mr. John Gorton (Islington Central); Mr. John Morris (Aberystwyth); Mr. Harry Ewing (Stirling Falkirk and Grangemouth); Mr. Alfred Morris (Wythenshawe); Mr. Charles Morris (Openshaw); Mr. John Gilbert (Dudley East); Mr. S. Clinton Davis (Hackney Central); and Mr. Peter Archer (Warrley West).

Mr. Charles Morris said: "It is a question of like minds coming together rather than a deliberate attempt to form a tightly run organisation."

Some 40 to 50 MPs are expected to gather tonight for the founding of the association, but its membership is expected to grow rapidly to around 100.

Inevitably, the group will become a force at the next Labour Party elections to the Shadow Cabinet and Back-bench committees.

The Tribune Group and the manifesto group dominated the elections last year, drawing up rival slates of candidates, and even dividing the spoils in some cases.

Mr. Roberts said: "I must be a rational, not an emotive one. For the time being, detailed scientific assessments need to be made and the result published. This applies to all aspects of nuclear safety and radio-active waste management."

Mr. Roberts, speaking at Llandrindod, mid-Wales, said people in areas being examined by scientists should not be alarmed by unfounded fears.

"It is clear from reports in the media and the letters that the Welsh Office have received that there are widespread misconceptions about the scope, nature and timing of the Government's geological research programme into the disposal of high level radioactive waste," he said.

The Machynlleth and Dolgellau area of mid-Wales and three other regions in England will be examined to identify sites which appear suitable for drilling exploratory boreholes to gain more geological information.

Already 20 different pressure groups in Wales have combined to form the Wales anti-nuclear alliance to oppose any future plans to dump waste.

Mr. Roberts told the seminar: "I can assure you that not only will the results of the geological research programme be published but there will be full publicity on the proposals at all stages."

"In particular, I must emphasise that no covert investigations are being carried out, as has been suggested in some quarters."

Mr. Roberts said the Government would provide opportunities for those concerned with the research to explain it to local people.

## LABOUR

## Shipyard union warns over denationalisation

BY OUR OWN CORRESPONDENT

REPRESENTATIVES of the 76,000 workers in nationalised shipyards warned the Government yesterday against any move towards denationalising the industry.

More than 500 delegates from all over the country were at a Confederation of Shipbuilding and Engineering Unions conference in Newcastle-upon-Tyne.

They overwhelmingly passed a resolution rejecting any attempt "to introduce any element whatsoever of denationalisation, whether it be having off or sale of shares."

If proposals were brought forward, the conference should be reconvened to consider "positive action."

It also said that "privatisation" plans would mean workers reassessing co-operation on such things as restructuring, centralised

bargaining, and acceptance of flexibility and changes in working practices.

Mr. John Chalmers, general secretary of the Amalgamated Society of Boilermakers and Shipbuilders, said later that the resolution followed a recent meeting between confederation officials and Mr. Adam Butler, Industry Minister.

The union's chief concern was possible plans to have off profitable warship building yards such as Vickers at Barrow, Vospers Thornycroft on the south coast, and Yarrow Shipbuilders in Scotland.

As long as fragmentation of shipyards remained a possibility morale would be seriously affected.

Mr. Chalmers said: "The shipbuilding negotiating committee will tell the Govern-

ment unequivocally that there is no way we will agree to the dismantling of shipyards."

Commenting on the report of Government plans, Mr. Ken Gill, general secretary of TASS, the white-collar section of the Amalgamated Union of Engineering Workers, said: "This is monetarism gone mad."

"It would mean the end of Britain as a major builder of merchant vessels."

"The Government will not find buyers for the industry as a whole, since overall it is losing money. They will only be able to sell the profitable yards which are mainly working on military contracts, while thousands of people working in non-profitable merchant yards would be thrown out of work."

"It would be a disaster for Scotland and the North East, where whole communities depend on the shipyards."

## Decision due today on national dock strike

BY PAULINE CLARK, LABOUR STAFF

NATIONAL officers in the Transport and General Workers Union will decide today whether to extend to all ports the dockers' strike which has crippled the Port of Liverpool since Friday.

A mass meeting of Southampton dockers today will discuss supporting the unofficial strike over banding of blacked steel. A mass meeting of Hull dockers is also expected this week.

A delegation of 15 dockers' shop stewards from Liverpool, Southampton and other ports met Mr. Alan Kitson, deputy general secretary of the TGWU, and Mr. Larry Smith, executive officer, yesterday to press for a national dockers' delegate conference and an extension of the strike.

Mr. Kitson said afterwards that no decision on whether the strike was official or on whether to call a national conference had been taken in the absence of Mr. Tom Cronin, TGWU national docks secretary, who is expected to attend today's reconvened meeting with the dockers.

The strike, which has left 21 vessels idle in the port and eight waiting outside, was called last Thursday after 100 dockers refused to obey management instructions to load steel onto a ship bound for India.

They were suspended without pay, and shortly afterwards shop stewards called out the port's full complement of 5,000 dockers and more than 1,000 auxiliary workers.

Mr. Dennis Kelly, chairman of the Liverpool dockers' committee, said after yesterday's meeting that, as far as the dockers were concerned, the strike was official. The 100 suspended dockers had only obeyed TGWU instructions not to handle steel during the steel dispute, he said.

He had called on the TGWU to start arrangements for a national strike as the only way to achieve effective support for the steel strikers. He hoped a national dockers' delegate conference could be recalled by early next week.

Mr. James Fitzpatrick, chairman of the Liverpool Port Employers Association, warned yesterday that the strike would have a "drastic impact" on trade in the port and delay the dockers' annual pay review due on May 1.

## Conference motions attack productivity deals

BY PAULINE CLARK, LABOUR STAFF

PRODUCTIVITY agreements will come under fire when Britain's third biggest trade union meets for its annual conference in Bournemouth later this spring.

Delegates at the General and Municipal Workers Union conference will debate a motion which urges trade unionists to reject any productivity agreements which are said to have led to a loss of improved working conditions over years and to a reduction of the total labour force.

The motion submitted by Scottish members of the union emphasises the need to secure certain conditions when agreeing to productivity arrangements including security of employment based on retention of the labour force.

Union negotiators will also be urged to ensure that wage and earnings increases are immediately payable when the agreement comes into force.

The Conservative Government comes under attack in a major section of the agenda on general economic policy. A Scottish region motion urges trade unionists to launch a more determined effort to win increased wages and a shorter working week.

A motion from London members says that monetarist policies and changes to the taxation system "are having a disastrous effect on our standard of living and employment prospects while educational, National Health, welfare and community services are being decimated."

Public expenditure cuts are widely condemned as are the Government's proposed amendments to labour relations law.

A London region motion declares that the legislation seeks to destroy the fundamental right of trade unions to establish an effective organisation and pursue the legitimate demands of their members.

The agenda includes four motions pressing negotiators to secure a 35-hour working week without loss of earnings and adds a call for continued pursuance of a minimum basic wage target of £75 a week linked to the cost of living index.

Lancashire members will call for the two thirds majority vote on strike action to be changed to a simple majority vote.

## LAST MAJOR HURDLE OF WINTER

## Rail talks will not be easy

BY PHILIP BASSETT, LABOUR STAFF

LEADERS of the three rail unions will this morning open talks with the British Railways Board on this year's pay settlement for the 180,000 railway workers.

All the signs are that the negotiations could be difficult. Union leaders have been repeatedly hoisting storm clouds for the past few months: some more militant union officials have been talking of industrial action on the railway as "inevitable" this year.

The two unions, the National Union of Railwaymen and the Associated Society of Locomotive Engineers and Firemen have abandoned the public and often bitter wrangling of last year and put forward a common claim. Ministers are known to consider this the Government's last major pay hurdle of the winter, now the water workers have settled for 21.4 per cent and the civil servants seem unlikely to repeat last year's strike.

British Rail, for its part, recognises the mood of its unions, and how far down the

pay league they have slipped. Senior BR officials are keen to reach a settlement which would give substantial improvements in earnings to improve productivity and recruitment.

The board's actions though, will be hamstrung by the tight financial restrictions of its cash limit, an dits own wariness about pushing fares up again after the 20 per cent increase at the beginning of the year.

The claim calls for substantial pay increases, shorter working hours as a stage towards the 35-hour week and longer holidays.

Union leaders have been warning that their members' expectations would be governed largely by the increases won by those groups they saw as their traditional comparators.

Their settlements of 20 and 19 per cent respectively show where the railway workers' expectations of a minimum increase will lie.

A shorter working week will also be a high priority. The present basic rate for guards is £48.95, for guards

£59.15, for signallers an average of £65.80, and for drivers £78.20.

But with a cash limit of £750m announced in November, it will be unlikely to be able to offer much more than 13-14 per cent without some form of agreement from the unions on the thorny question of rail productivity—on which no agreement has been reached in negotiations over the past 14 months.

The Board, for instance, would like to see a new approach to rostering, an end to over-manning on trains, the removal of demarcation lines, less absenteeism, more use of technology for routine tasks.

British Rail needs productivity changes; the unions are pressing for large pay increases; the Government is keeping a tight rein on the purse strings.

If the similarities with British Steel are obvious, the hope must be that the negotiations beginning today do not highlight apparent incompatibility of the three factors and lead to a similarly disastrous outcome.

## Labour plan 'would have saved jobs'

A CONTINUATION of the last Labour Government's economic policies would have saved around 400,000 jobs by 1982, two Labour MPs claimed yesterday on the basis of forecasts made using the Treasury's own macro economic model.

Had Labour policies included import controls, and a wages policy, then unemployment could have been reduced by 1982 by as much as three quarters of a million compared to what it will be if the Conservative Government continues with its present policies, the two maintained.

Merely using the Treasury model does not necessarily mean that the Treasury would agree with the conclusions and such forecasts involve making judgment on a whole series of economic relationships.

The two Labour MPs, Mr. Jack Straw and Mr. Alf Dubs, also claimed that the test runs showed that import controls would result in a £670m reduction in the public sector borrowing requirement by 1982. A continuation of the last Labour Government's policies, they said, would have resulted in a "manageable" increase in the PSBR in 1981 and 1982.

The MPs have had to make certain assumptions about what a Labour Government would have included in a Budget last summer, had it been the election. Mr. Denis Healey, Labour's former Chancellor, was not formally consulted about these assumptions but Mr. Straw seems confident that they were right to build fairly pessimistic assumptions about the contents of a Labour Budget into the model.

They assumed an increase in VAT to 11 per cent, together with a rise in Excise duty which would have brought in £500m and a surcharge in advanced corporation tax of £300m. They also assumed there would have been no change in income tax apart from increasing personal allowances in line with inflation.

In the same way they assumed a Labour Chancellor would have cut £500m off its projected public spending and reduced both nationalised industry borrowing and the contingency reserve. Various other assumptions were made about changes in the level of benefit and it was assumed that wages would have gone up 14 per cent in 1978/80.

On this basis, they said, the PSBR would have risen by £1,642m over the three years which, in their view, would have been manageable partly because of the consequent increase in Gross Domestic Product.

In calculating the effect of import controls, the pair assumed a 20 per cent tariff was placed upon half the imports of manufactured goods. They also assumed that an incomes policy was in operation, bringing down the rate of wage inflation to 9 per cent by 1982/83, and that income tax was raised this year to compensate for the revenue lost through a cut in VAT to 11 per cent.

An increase in personal tax allowances was also built into the model, together with an increase each year in public spending.

On these assumptions, imports would fall in 1980 and 1981 but actually rise in 1982. The two MPs believe, however, that exports would show a much larger increase in the third year.

while imports had not increased. To let inflation rise further, which would be the effect of seeking to lower the exchange rate, would be much more damaging.

Dr. John Cunningham, a Labour front bench spokesman on industry, maintained that there was a widespread and strongly held view through industry that sterling was overvalued.

He suggested that a large number of industrial organisations—including the footwear, textile and chemical industries—had expressed this view.

The arguments used by Sir Keith, he asserted, would be more acceptable if the rate of inflation were falling and the level of exports increasing, but in both these areas the reverse was happening.

Sir Keith urged Dr. Cunningham to take account of the time lag which operated in economic matters. The inflation rate was still reflecting the loss of control over the money supply which characterised the Labour Government's last year of office.

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SERVICES



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHÖETTERS

## ● HANDLING

### Converts mechanical weighing machines

USERS of mechanical equipment seeking better weighing efficiency may be able to obtain most of the benefits of digital electronic weighing without installing new load-cell machines.

W and T Avery has developed techniques that enable existing machines to be upgraded to modern standards by modifying existing mechanical weighers.

Applicable to most weigher types and capabilities, these conversions raise both performance and productivity, often dramatically. They also make the weighing operation much more flexible, enabling it to be integrated readily with data-processing networks, and to offer a wider range of control, read-out and recording facilities.

To convert an installed mechanical weigher, Avery fits an appropriately rated compression load cell into the weighing mechanism, and connects the cell to an electronic digitizer, stampable or non-stampable as necessary.

This provides most of the features of load-cell weighing since a weight on the mechanism acts on the cell, which

produces a proportional analogue output. This is digitized, and, if required, a printer. Weight data in binary coded decimal form can also be made available for computer reading at an interface in the digitizer.

Digital weighing can perform several functions. The display, for example, can be arranged so that either of two units of weight (tons or tonnes) can be selected by switch. A read-out in litres also becomes available.

The option can extend to remote or duplicate digital displays, preset or semi-automatic tare, and active filters for suppressing the effects of liquid surge. The instrumentation can incorporate axle-weighing facilities or provide cut-off signals to control filling operations at predetermined weights. Processes such as batching and blending to be fully automated under tape, card or computer control.

Conversion results in faster weighing and more precise weight reading, digital displays registering in finer increments than dials. The weight display always appears at the same point and in an unambiguous

digital style. The weighman does not have to scan as he must with a dial—or interpret a reading range to the load. The digital display gives direct read-out up to the full weighing capacity.

There are other advantages in some applications. With a combined rail weighbridge, for example, conversion allows the weighman to reset platform combinations for different wagons without leaving his seat. Instead of lever-operated points, he uses switches to select different combinations.

W and T Avery, Smethwick, Warley, Wores. B66 2LP. 021 558 1112.

## ● HAND TOOLS

### Strips the wiring with ease

LIGHTWEIGHT, and ergonomically designed to multiply the force exerted by the hand, is a wire stripper made in glass fibre reinforced polyamide with high tensile steel moving components from AB Engineering Co., Timmer Lane, Wöhrn, Beds (052525 322).

Called the Mk 2 FC, it has a "floating cam" which automatically adjusts the jaws to the correct stripping depth and simultaneously adjusts the gripping pressure on the insulation.

This invention (world patents applied for) is said to prevent damage to the insulation as the pressure exerted when stripping fine wires is reduced to the minimum. For larger wires, the gripping pressure automatically increases.

## ● ELECTRONICS

### Fast control tape production

PREPARING numerical control tapes for wire wrapping or wire termination equipment in electronic equipment production can be carried out over five times faster than by conventional methods with a new unit which can also reduce costs by as much as 75 per cent.

Using computer graphics, the unit automates the entire data entry, revision and documentation control process. Manual preparation from lists, key punching and verification and the cost of outside computer services are all eliminated.

Representing state of the art graphic data entry systems, the models PE2000 and PE4000 both use unique and proprietary software depending on a controlled light-pen technique which eliminates keypunching of data, and reduces data entry times and errors.

## ● PROCESSING

### Extracts the unwanted nails

GLENTORE Timber Products, a small company firm in Glenrothes new town, Scotland, which reclaims wood from packing cases and pallets searched in vain for an automatic method of extracting nails.

Failing to find anything on the market, director Jack Mustoe designed and built one himself. Ray Perman reports from Edinburgh.

The result is a pneumatic gun with two jaws which close to grip the nail just below the head. An outer tube then moves forward to press against the wood and extract the nail

quickly and cleanly. Glentore has been so impressed that it is having the gun manufactured by a subcontractor and is marketing it in the UK through a subsidiary, Glentore Engineering Products, and through agents abroad.

The gun works on a standard 80-100 psi compressed air supply and Glentore can provide a small compressor to go with it if needed. Development work is now under way on a hydraulic version which will be much more powerful and able to extract six inch nails compared to the three inch maximum of the

pneumatic model. At £450 plus vat, the gun is expensive, but Glentore claims that it can recover the cost in a week in reclaiming wood which would be badly damaged by manual extraction. Many nails also come out straight enough for reuse.

The company believes that users working with higher value products, such as shuttering or floorboards, could recoup the cost quickly.

Glentore Engineering Products, 54 Tannoch Drive, Cumbernauld, Glasgow, Cumbernauld 20937.

## ● PLASTICS

### Cuts waste in moulding operations

WITH THE inevitable increase of plastics prices in parallel with those of oil, ways of reducing material waste and product rejects in injection moulding become financially more attractive.

Italian company Societa Italiana Microcomputers of Turin has designed the 534A controller, a small microprocessor-based unit which will ensure that correct pressure is used within fine limits on almost any injection moulder and provide useful data at the same time.

A small slot is milled in the ejector plate of the moulder to accommodate a load cell assembly so that one of the ejector pins acts upon the cell to give moulding pressure data.

The transducer is cable-connected to the electronics box which has a digital read-out for pressure with thumbwheel switches to set the required pressure, the diameter of the ejector pin in use (which affects the force transmitted), desired hold times and cycling characteristics.

By connection to the hydraulic system the unit will then precisely control the packing of the moulding cavity by switching to the holding/cooling phase when the pressure has risen to a pre-set value.

During mould filling the peak pressure achieved is displayed and in addition the operator is warned if he is overloading the sensor or using the wrong type, the micro performing the necessary calculations. But during this period the machine is also taking pressure measurements at intervals and keeping the results in a solid-state store. They can be read out on the display for post-mortem purposes. In addition, a count is kept of the number of injection cycles the machine has performed.

All the switch contacts in this unit are sealed magnetically operated reeds, giving immediate connection even after long periods of inactivity. No local power units are needed since current is supplied over the line.

## ● COMPONENTS

### Wide choice of springs

DESIGNERS AND engineers are offered a selected combination of springs to meet all possible requirements from two new extension spring kits from Lee Spring, Cortwallis Estate, Maidenhead, Berks. (0628 32316).

Music wire springs (Kit No. 300) are cadmium plated and range from 0.007 to 0.075 inches with free lengths from 0.250 to 5.000 inches and outside diameters of 0.062 to 0.750 inches. Their load capacity ranges from 0.32 to 20 lbs.

Stainless steel springs comprise Kit No. 301 and have load capacities of 0.52 to 17.2 lbs, range from 0.007 to 0.075 inches with free lengths of 0.250 to 5.000 inches and outside diameters of 0.062 to 0.750 inches.

Each kit is packaged in a compact metal box with the extension springs compartmentalised separately and instantly identifiable. Detailed specification of each spring is printed from the inside lid of the box and each spring has easy-to-read and locate data.

## ● CONSTRUCTION

### Cheaper reinforcement

ALTHOUGH THE concrete reinforcing bar is considered a common or garden steel product not difficult to manufacture, customers often want them to possess high yield strength, be weldable, and have excellent bending properties.

The steel producer is obliged, therefore, to incorporate in the metal special alloying elements, such as niobium or vanadium (which are costly and push up the cost of steel) and also he may cold work a mild steel bar, by torsion, say, but the cost of this operation is generally higher than the addition of the previously mentioned elements.

Now, an original process has been developed which avoids these costly additions, or an additional cold working operation, announces the Centre de Recherches Metallurgiques, rue de Val-Benoit, 64 B Liège, Belgium.

Simple in principle, the process consists of quenching the surface of the product when it leaves the last rolling stand at a sufficiently high cooling rate, but in a sufficiently short time for the core of the product to remain hot.

By this controlled cooling, the heat emanating from the core provokes the tempering of the surface quenched layer—hence the name Temcore being given

to the new system. Numerous tests performed in 1974 on an industrial bar-rolling mill fitted with the Temcore system have shown that the resultant concrete reinforcing bars possess better properties than those obtained with alloying elements or by cold working, says the CRM. It has filed a number of patents to cover its process as well as the product.

### Surface is non-slip

NEW APPLICATION for "Beetle" DMC (a glassfibre reinforced polyester dough moulding compound) is in moulding, non-slip floor tiles from Glenfiddich (Plastics), Basford, Stoke-on-Trent.

Tile measures 300 mm square and has its upper surface patterned in a small pyramid effect said to give an effective non-slip surface which retains this property under wet and icy conditions.

Primarily designed for walkways and emergency exits on flat roofs the Granite promises to withstand hard wear and severe weathering, and high point loadings.

### New backhoe loaders

EXTENSIVE FIELD trials after some five years' development preceded the launch of the International 260A side shift backhoe loader.

Built at Doncaster in England, this machine entered full-scale production in March making Doncaster one of the largest backhoe loader production centres in Europe. Total output in 1980 will be in excess of 3,000 units.

Two-lever backhoe control on this unit gives a touch feeling for all digging and dump cycles so that the operator is less fatigued at the end of his working day. From the seated position the operator can switch from backhoe to loader work by means of the simple "flip over" dual position seat.

Variable flow hydraulics give optimum digging performance, engine power is improved and there is a choice of transmission.

Strength comes from a welded integral mainframe structure in which the engine and transmission are located and isolated from all the stresses and shock loadings developed by backhoe and loader work. Unlike some design of "skid" units the backhoe and loader arms of the 260A are mounted direct to the mainframe which absorbs the digging stresses.

Power for the 260A comes from an International D-239 direct injection diesel engine, developing 52.2 kW (70 hp) at 2,200 rev/min. As standard, a torque converter transmission is offered giving six forward and three reverse speeds. Full hydrostatic drive is available as an option.

International on 01-572 7434.

### Abrasive cleaner

ABRASIVE BLAST cleaning machine Clemco SCW 1632 is a compact, stable unit for general maintenance work, gas pipe encapsulation, masonry and timber cleaning, glass etching and furniture restoration.

With capacity to hold a full 50 kg bag of expendable abrasive, operator time and abrasive wastage is reduced.

The machine weighs 60 kgs empty, is 400 mm in diameter and 800 mm high. Mounted on 132 mm diameter wheels, it is easily moved round a site.

The pressure vessel is tested to 220 psi or twice the working requirement.

Jodge Clemco, Orgreave Drive, Handsworth, Sheffield S13 9NR. Sheffield 097351.

# Lovell

for construction  
01-9951313

## ● TRANSPORT

### Phones for motorways

A WEATHERPROOF telephone instrument intended for use on motorways and large plant sites can be obtained from Neumann Communication Systems of 151 Lower Luton Road, Harpenden, Herts AL5 5EQ (05827 67011).

High reliability, and low maintenance are claimed, and the unit is mounted on a "crumple pillar" so as not to cause a serious danger to vehicles in an emergency. The box itself is made from glass fibre reinforced polyester with load carrying rods to provide high mechanical strength.

Either a handset or a key operated loudspeaking system can be chosen and the user contacts a central control office by depressing a key, immediately receiving acknowledgement from the central equipment by means of a lamp or an audio tone. The central operator can immediately see the location of the phone and by pressing a button can talk to the motorist in distress at the other end.

All the switch contacts in this unit are sealed magnetically operated reeds, giving immediate connection even after long periods of inactivity. No local power units are needed since current is supplied over the line.



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## THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

## BOC's new blood applies the surgeon's knife

BY HAZEL DUFFY

HOWEVER MUCH the British might admire American management, it is an extremely unusual innovation for them to give an American the chance to manage a thoroughly British company.

Richard Giordano, who became managing director of BOC International last October, says it was "an accident of the times" that it was an American who got the job. The important thing was that BOC's 1977 acquisition of his U.S. company, Airco, had entirely changed the British company's make-up.

Not only did it nearly double BOC's size overnight, but it transformed it from a predominantly British and Commonwealth-based group into a multinational. Last year, Airco contributed nearly 50 per cent of BOC's total trading profit, though its profitability has been much more cyclical than BOC's in the past.

Giordano's credentials for the job were impeccable, but it still came as a surprise that he landed it. As president and chief executive of Airco, he had fought a bitter battle against BOC's efforts to take it over, resigning his place on the BOC board (the seat had been created when BOC first bought a stake in Airco back in 1973).

He rejoined the board in January 1979 after BOC had won the battle. In that same month, John Williams, head of the UK company, was made chief operating officer of the BOC group, which was a new post. Sir Leslie Smith, still only 59, continued as chairman and chief executive. But Williams became seriously ill only a few weeks after moving into the job, and retired from BOC last June. Just two days later, Giordano's appointment as managing director was announced, with Sir Leslie stepping on as chairman.

The post is quite different from the one occupied by Williams, whose brief was essentially confined to co-ordinating some of BOC's basic product businesses. Giordano is considered by some to be the only person who could bring about the integration of BOC and Airco, but he would obviously only be prepared to move to a more powerful job than that of chief operating

BREAKDOWN OF SALES, PROFIT AND CAPITAL EMPLOYED			
Year to September 30, 1979			
	Sales £m	Trading profit £m	Capital employed £m
By region			
Americas	509.3	56.1	441.0
Europe	504.2	31.4	417.9
Pacific	123.8	20.5	123.6
Africa	86.9	14.9	86.1
Asia	4.8	1.7	5.2
	1,299.0	124.6	1,067.8
By product			
Industrial gases	434.2	66.7	588.3
Carbon graphite, metals and chemicals	285.8	29.5	165.1
Welding products	128.9	12.3	149.1
Medical products	128.9	18.6	94.3
Other products and services	74.6	6.2	47.2
	1,299.0	124.6	1,067.8

\* After deduction of corporate costs of £3.1m.

officer. He must now be assumed to be a permanent chairman, which Sir Leslie has said he would like to retain until 1986, the year of the group's centenary.

At the age of only 46, Giordano is receiving a very much larger salary than anybody else at BOC, including Sir Leslie Smith. The actual figure will not be revealed until the next set of accounts is published, but Giordano admits, quite reasonably, that he was certainly not going to take on the job for less than he was getting at Airco.

For several reasons, then, Giordano's task might be seen as particularly delicate. The former "leader of the opposition," he now heads the government he once opposed. Not only that, but he has the sensitive job of taking some of the Britishness out of a long-established British company.

His priority is the organisation of a centralised structure to direct the activities of a multinational operation. Though BOC has always been an international company, with subsidiaries and associates throughout the world, its management style has been very decentralised, relying extensively on good personal

communications with head office in West London.

The system worked partly because the business of its various companies was concerned mainly with industrial gases and welding equipment—“gas and gear” as it is called at BOC.

Two things upset this rather cosy arrangement. First, BOC began diversifying in the UK in the late 1960s. Ironically, this was done because industrial gases were viewed as a static market. Ten to 15 years later, gases have proved to be a growth industry, and some of the diversifications have turned out to be less than successful. Second, the acquisition of Airco in 1977 meant that the largest single component of the BOC group was now outside the UK. Moreover, Airco has brought with it certain products which are new to BOC.

Giordano says he has no intention of head office managing the businesses worldwide, but “we are determined to manage the group.” The prime concern must be to increase the rate of return, and nowhere is this more pressing than in the UK. Giordano is quite clear that this must mean a policy of retrenchment, especially in some of the more peripheral activities.

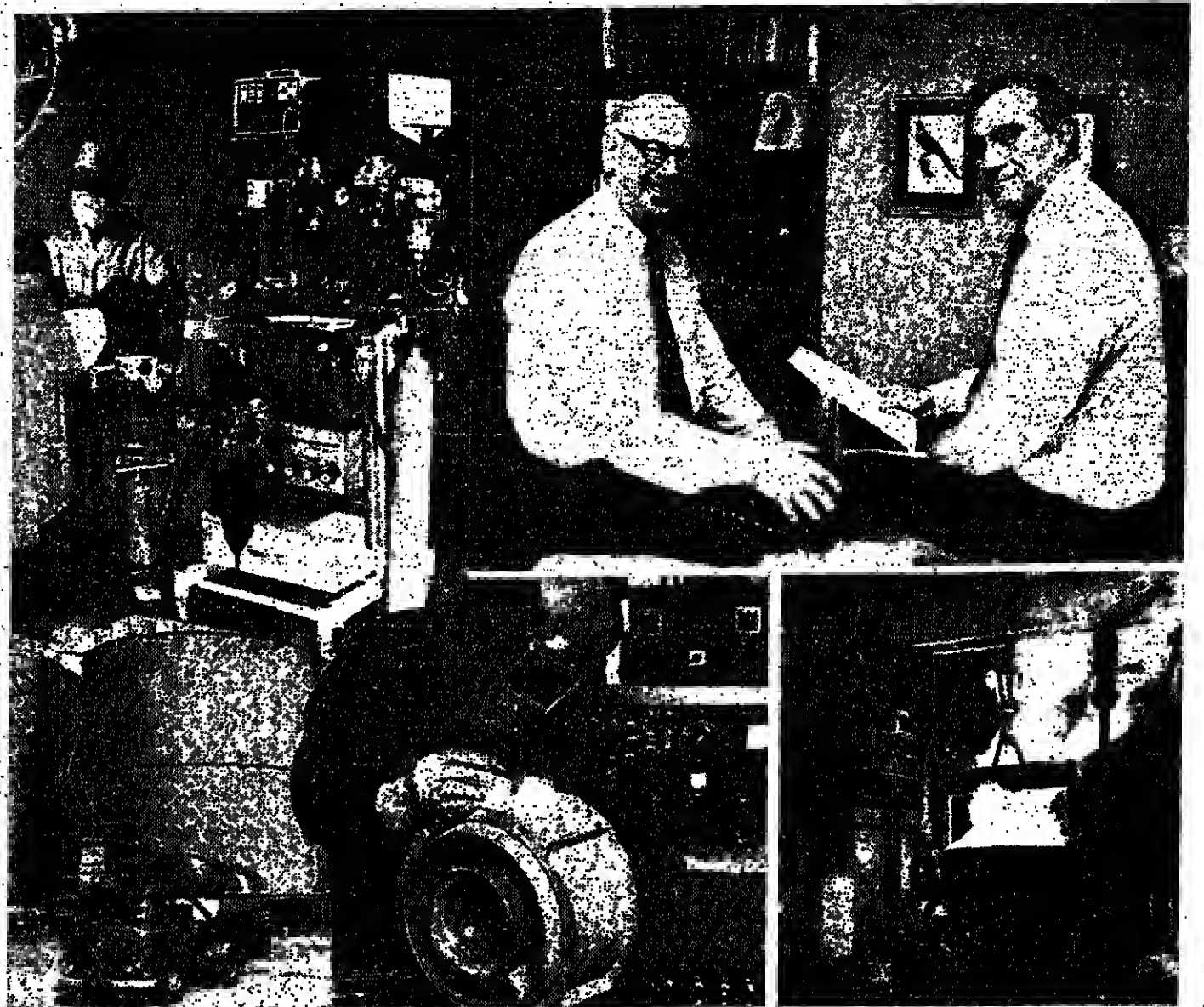
The new centralised structure is adding a product bias to the traditional geographical make-up of the board. David Craig, who came to BOC from Airco with Giordano, now oversees this function as deputy managing director in charge of planning, while Paul Bossonet, also deputy MD, is in charge of finance and administration.

Giordano illustrates the way he sees these functions operating on a centralised basis with reference to spending on technology. “We do not want to do the planning for all the various companies, but we must be sure that we know what they are doing. It is all very well having lots of men running around in white coats doing technology development, but not if they are duplicating what is being done elsewhere in the group.”

Investment in capital projects also needs more centralising, he suggests. “To decide which companies receive what proportion of our resources, we must have more information on their finances. Previously it has been a case of: ‘If we make the money, then we spend it,’ but now we shall be deciding upon their claims to the group’s resources.” BOC is investing at the rate of £150m annually, 80 per cent of it in gases and carbon-graphite products.

The group’s four main activities since the Airco acquisition are: industrial gases, welding equipment, medical equipment, and carbon-graphite products. They account for around 80 per cent of the group’s sales and more than 90 per cent of profit. Industrial gases is the largest, contributing about half the total profit (1979 trading profit from this source was £66.7m) and has proved to be the one certain growth product.

The industrial gases industry is dominated by a handful of companies—Union Carbide and Air Products in the U.S., BOC in the UK, L’Air Liquide in France, and Linde in Germany. BOC’s dominance is in the UK, although Air Products has taken some of that market—particularly in bulk supplies—and Australia and South Africa. Its Airco subsidiary is number three in the U.S. The main reason BOC (and some of its competitors) decided over a decade ago that



Medical equipment, industrial gases, welding products and carbon-graphite (used extensively in electric arc furnace steelmaking) account for 80 per cent of BOC International's sales. But Richard Giordano, managing director (seated right with Sir Leslie Smith, chairman), says that in time BOC will need to add two more major product lines to its range.

industrial gases were a non-growth business was that they were concentrating their attention on their existing customers. Most of the growth that has emerged since the early 1970s has come from new applications, with bulk supplies growing most rapidly; canister sales, and on-plant supplies (mostly to steel and chemical makers), provide a less exciting prospect.

An important feature of this trend is that BOC does much of the development work for potential customers; one example is the use of nitrogen in food freezing. Despite the growth in the range of clients, BOC's industrial gases are much the same product worldwide, and Giordano believes there could be much closer co-operation within a centralised structure which would allow this sort of information to be exchanged. Apart from planning and

finance/administration, the other two MD-level functions will be personnel and communications. They are new to this level of seniority, and reflect Giordano's personal priorities in management.

On personnel, Giordano says: “We need a central view of where our talent is. One of our greatest constraints is good people. We need to build up a core of multi-national management which will move anywhere around the world, in the way that Unilever, ICI, and other British-based multi-nationals have achieved. Communications, he believes, is essential both internally and externally, and therefore warrants a very senior appointment.

Giordano recognises that his most pressing problem is BOC's performance at home, in the UK. The solution must be to shed some of its peripheral businesses, and to become more

cost-effective on its main activities. The businesses bought or developed as part of the diversification drive were mostly small in relation to the main activities, but some of them have taken up a disproportionate amount of management time without producing the return that had been expected of them. At Airco, where Giordano had been faced with a similar problem, he set about the disposal of some of those diversifications. The largest, which was Airco's business to ferro-alloys, was not sold off until last year.

But the priority today is to ensure the greater profitability of the existing parts. “This is not,” says Giordano, “a time for bold adventures.”

Every time BOC is mentioned in the City, the subject of its borrowings raises its ugly head. For a long time, the group has had a high gearing, and it is natural that it should be looked at particularly askance when interest rates in the UK and the U.S. are so high. Giordano replies that “everybody has been ducking about it for so long, but we have not gone broke yet. More seriously, I forecast that our gearing will go down slightly, but our borrowings will increase. The difference, I hope, will be made up by higher profitability.”

If the UK represents its most urgent priority, the greatest challenge facing BOC is assimilating Airco, with the help of a new structure which will direct and manage such a changed group of companies. Giordano says he came to London expecting to stay for five years, and perhaps for ten. For a good part of that time, he knows he will be concentrating on that central task.

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He does not hold with what he calls “the fostering of seed companies—they have to be big enough to make an impact on

business, economics and politics is becoming increasingly complex and is clearly crucial.

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## Management abstracts

These summaries are condensed from the journals of abstracts published by Anbar Management Publications. Readers wishing to consult original texts should write to: PO Box 25, Wembley, HA9 8DJ.

**Managing the Multinational Corporation.** Y. K. Shetty in *Management International Review* (Fed. Rep. of Germany), No 3/79: p. 39 (9 pages).

Examines similarities and differences in the management of American and European-based multinationals. In terms of ownership strategy and the corporate organisation structure; compares their corporate attitudes towards joint ventures and seeks reasons for U.S. firms' resistance; discusses why European companies accept a greater degree of decision-making autonomy among their affiliates.

**Why Executives Change Jobs.** P. Meyer in *The Personnel Administrator* (U.S.), Oct. 79: p. 59 (5 pages).

Reviews reasons for executive wastage, in the context of current socio-economic trends, and identifies the search for better career prospects, increased responsibilities, better pay and avoiding job-related dissatisfaction as the principal causes—with personal and family quality of life making a minor contribution.

**Participation Structure and Two-Way Communication.** J. A. Muller in *Management International Review* (Fed. Rep. of Germany), No 3/79: p. 69 (13 pages, bibl.).

Discusses the impact that traditional and authoritarian management in UK, coupled with the lack of an effective

system of consultation and two-way communication, has on the introduction of worker participation. Summarises world-wide research on participation, and outlines the limitations of collective bargaining as the sole form of worker participation.

**Japanese Trading Houses on the Way Down.** R. Benyon in *Marketing* (UK), September 1979: p101 (11 pages).

Claims that, contrary to popular belief, the Japanese trading houses—non-technical people in an increasingly technical world—are in decline: suggests that, despite all the hard work involved, it is better for the UK exporter to go straight to the ultimate buyer rather than work through the trading houses.

**Corporate Social Reporting in Germany.** M. Dierkes in *Journal of General Management* (UK), Summer 1979: p3 (11 pages, table, bibl.).

Reviews the state of the art of social accounting and corporate social reporting in the Federal Republic of Germany; reports experiments being developed by specific firms, and identifies trends likely to influence future development.

**The Hidden Messages Managers Send.** M. B. McCaskey in *Harvard Business Review* (U.S.), Nov./Dec. 79: p. 185 (14 pages illus.).

Discusses how to recognise the messages people are transmitting through their use of metaphorical speech images, word settings and body language, and the value of such communication process; suggests how to achieve skill in reading and sending messages in a managerial setting.

**Environmental Variables of International Transfer Pricing.** R. Y. Y. Tang and K. H. Chan in *Abacus* (Australia), June 1979, p. 3 (10 pages, tables).

Examines factors which influence transfer pricing policies of U.S. and Japanese multinationals, such as the interests of local partners, currency movements, anti-dumping legislation, import restrictions and taxation differences between countries; reports on the relative importance each gives to the various factors.

**A Model of Corporate Social Performance.** A. B. Carroll in *The Academy of Management Review* (U.S.), October 1979: p. 497 (9 pages, diag.).

Summarises various academic

views of what social responsibility in business means; examines the bases on which it may be defined, the issues for which it exists and the nature of responses to those issues; develops a conceptual model which is said to identify social issues and improve diagnosis and planning in the area of social performance.

**Electronic Funds Transfer.** S. D. Kaplan in *Administrative Management* (U.S.), Sep 79: p. 30 + Oct 79: p. 35 (71 pages).

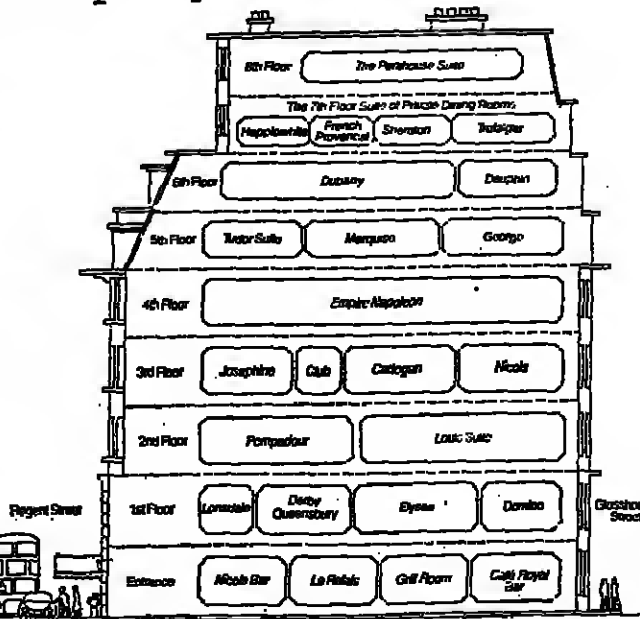
Examines the state of the art of EFT, drawing on examples of its use in the retail, banking and utilities fields; discusses obstacles to its wider acceptance by the public, such as concern about invasion of privacy, loss of individual control over payment for transactions, and pos-

sibility of computer error, and points to the contribution the banking industry can make to alleviating consumer fears.

**The Overburdened Manager and Decision-Making.** P. D. Olson in *Business Horizons* (U.S.), Oct 79: p. 28 (4 pages).

Seeks to explode “myths” about top management having the time to plan reflectively, and relying on historical information as a basis for decision analysis; outlines the organisational conditions necessary for a manager to delegate tasks to a management analyst and, alternatively, suggests an error analysis technique which can be used by decision-makers to supplement their own judgment and experience.

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## THE ARTS

## Florence under the Medici

by WILLIAM PACKER

Every three or four years or so (though the pace of the exercise is about to be stepped up), a member state of the Council of Europe takes its turn to mount a major exhibition, or rather a constellation of related exhibitions, that treats upon an important aspect of European Art or Culture. Here in London in 1972 the subject was Neo-Classicism; in 1977 Berlin gave us "The Tendencies of the Twentieth Century"; and now it is Italy's turn, Florence the favoured city. Where else could such an exhibition possibly take place, when the city is not merely the setting, but itself the principal exhibition and celebration of the chosene subject? "Florence and Tuscany: Europe" it is, an historical catch-all quite literally staggering in its scope and academic ambition. For the City and the State sit together foursquare across not just the Renaissance, with all that implies in the cultural history of the whole of Europe, but also across the diplomacy and statecraft, the commerce and traffic of that extraordinary age.

But it is not Florence of the earlier, golden age, votative, dangerous, energetic, republican still at heart beneath the first Medicean ascendancy, but the later, despotic principality that these 10 shows celebrate, the Magnificent Lorenzo's legacy restored to the family and brought to its greatest apparent influence under Cosimo, the first Grand Duke of Tuscany. And even though the power and glitter might be more apparent than real, the city slipping into its decadence, mannerist in its art, autocratic in its politics, the final drift into institutional decay and actual unimportance merely delayed by a decade or two, it remains nevertheless a city as energetic as ever in mind and spirit, insatiably curious in science and art, the natural home in that time for scholars and practical enquirers of all kinds: philosophers, divines, doctors, chemists, astronomers, astrologers, mathematicians, navigators, engineers, architects, necromancers and magicians.

Such men as these produced the mass of documentary material that is now presented to us: manuscripts, maps, technical drawings, anatomies and botanicals, gadgets and instruments, and book upon book—for Florence was one of the greatest early centres of printing and publishing. Thus an image is contrived of Florence under the Medici, not only by the evidence of her relations with Popes and Emperors, but also by that of the intellectual and creative society which she cultivated. Great works of art are there, too, of course, as numerous as they are remarkable, but they appear as evidence, not so much pushed aside as taken a little for granted, as though needing for themselves for the moment no further critical amplification or celebration: the context is all.

The heart of the business lies, as it always did, in the Palazzo Vecchio, that sumptuous and sinister pile the scene of so many inhuman and macabre doings. Savonarola's burnt "Cross" walls. Archbishop Salutati summarily hung

from the window by Lorenzo's followers as the Pazzi plot collapsed into bloody fiasco. Today it is furnished once more with the treasures it knew in those times (for Cosimo I moved in 1540), borrowed back from the world's museums to celebrate "The Medici as Collectors."

One can hardly enjoy Italy, to say nothing of its exhibitions, without learning a certain patience. When I left Florence, three days after the formal inauguration, with the public already streaming through ten rooms in the Palazzo were still in the course of preparation; and the inauguration itself, two

German and Italian armour, guns, cross-bows and other arms, crystal cups and goblets, something over a third of the Medicean blue and white porcelain that survives. These riches are set out in so simple and uncomplicated a fashion, brought away from the walls, for the most part, in sturdy free-standing cases, that our passage through and awareness of the amazing sequence of painted galleries and chambers that holds them is naturally absorbed into our conscious experience of the exhibition: it is all of a piece.

On less lavish a scale, but equally natural and satisfying, unity, is the exhibition in the

and humane place, a most wonderful and moving image of Mary and her supporters heading over the dead Christ.

The Casa Buonarroti itself has put on a small show, bringing out a number of small sculptures, maquettes and reliefs including a deposition, plaque, a Virgin and Child in low relief, and a battle in high. There is also his earliest known major work, come to light only a few years ago, Christ on the Cross, disarmingly simple and direct a statement. The drawings include perhaps too much facsimile material, but also some very fine things, notably a study for another Virgin and Child, the child's arm alone modelled thoroughly amid the bold generalities of the composition and a number of splendidly free architectural notes: elevations and quasi-abstract ground plans and diagrams.

Up at the Belvedere, the fort built over the city by Giovanni de' Medici and Buonarroti for Grand Duke Ferdinand I, the architectural theme is taken up and expanded in an exhaustive diadema show, all photographs and exposition. "Power and Space" seeks to demonstrate how, for the Renaissance Prince, architecture became an instrument of public policy and government, both effective and impressive.

As with all these exhibitions the point is made as we emerge blinking into the daylight, looking about us for monuments: for the Belvedere occupies a spectacular and significant position, a symbol of the later Medici, looking down upon the old city to the Palazzo Vecchio, dominating at a distance.

Down again to the city, and to Art, and to the most disconcerting of the exhibitions, "The Priority of Design" at the Palazzo Strozzi would seem to be based on a misconception of the kind that only art historians can make, taking drawing as somehow divorced from painting, the idea separable from the execution. There are too many third-rate pictures from reserve collections, and too few related drawings even to make the case (though again the show was incomplete in the opening days). To characterise the Florentine School as being based on the intellectual control of reality through design, the Venetian on colour and thus more experimental, is oversimplification.

There are several other exhibitions, all of them essentially documentary, full of important archive and museum material: "Astrology, Magic and Alchemy" at the Science Museum; "Publishing and Society" at the Court, the Sea, the Merchants at Orsanmichele; "The Theatre of the Prince" at the Palazzo Medici Riccardi; and most fascinating of them all, with its astrolabes and instruments, charts and treatises, Leonardo's map of "Tuscany that belongs to the Queen, and Jacopo Ligozzi's botanical and zoological illustrations, "The Renaissance of Science" in the Laurentian Library. We must hope to return to them another time. All the exhibitions continue until June 15.

## New York theatre

## The Winter's Tale

by B. A. YOUNG

BAM Theatre Company is a new big classical repertory company, resident at the Brooklyn Academy of Music. Its artistic director is David Jones, and his production of *The Winter's Tale* holds a promise that his experience at Stratford and the Aldwych will be happily grafted on to his new dominion. It would look, and often sound, at home at either of the Stratfords.

David Gropman's set uses a bare plank stage, steeply raked, backed by plain wooden walls that can be hoisted out of sight as required. No scenery, except a flamboyantly coloured cloth, lifted forward to provide a cover for the revellers. At other times four plain poles may stand in the stage to mark the area of an inner room. Costumes are of no period, but the men's boots and breeches ensure that no one believes that the play has anything to do with historical Sicily and Bohemia.

Until the enormous bear rises on its hind legs in Act 3 and enfolds Antigonus in an affectionate embrace (so ending an enjoyable performance by John Heffernan), there are specially familiar echoes from both Stratfords, for Hermione is played by Maril Maraden of the Canadian house and Paulina by Sheila Allen of the Warwickshire one. Miss Maraden, an actress of great beauty, is per-

baps too universally charming, though it may be that her very public display of affection for her husband Leontes's friend Polixenes is an audience mostly ignorant of the story that Leontes has some justification for his jealousy. When Leontes (Brian Murray) pronounces his hideous judgment, his court is clearly embarrassed by the affair. Not so Paulina. "Take her out!" Leontes orders, and Miss Allen promptly sits down on the floor like a lady demonstrator.

Naturally in the circumstances I found the later scenes more interesting, for here you have the younger American players with less Shakespearean experience. Boyd Gaines and Christine Estabrook make a pretty pair as Florizel and Perdita, and if Perdita doesn't bring the full measure of beauty to her lovely springtime speeches, she may console herself that failure to do this need be no more disheartening than failure to run a four-minute mile. There is a fine black Autolycus in Joe Morton, who can sing and dance and wheedle the country girls while picking the pockets of their lovers, a smashing performance.

Mr. Murray as Leontes brings another touch of the Royal Shakespeare, though, without lighting any new beacons, Polixenes is played by an



Boyd Gaines and Christine Estabrook as Florizel and Perdita

American actor, thus dividing the score properly; he may be said to be as like Leontes as Leontes says he is in Act 1, but after those fatal 16 years dividing Acts 3 and 4 he grows melancholy while Leontes grows grim.

Dwellers in Manhattan appear to think that Brooklyn is in

## Festival Hall

## St. Matthew Passion by RICHARD JOSEPH

The origin of most Baroque music is a reflection of its social function and when that original function becomes obsolete—as in the case of the performance of Bach's Passions as vehicles of organised worship—much of the music's primary intent is obscured. This process operates on a number of levels. It's not just the moral context of the libretto or the communal experience of hearing such a work as part of a congregation that has disappeared; we are equally removed from the musical and mystical significance of much of Bach's symbolism in the use of keys, instrumental figuration and tone painting.

On Sunday morning and afternoon The Bach Choir presented the first of two Easter performances of The St. Matthew Passion to a crowded, if not ideally attentive, Festival Hall. Their annual concert of this work have become a strong tradition, though it is obviously one which operates within a set of references far removed from the original circumstances. The source of this tradition is the

famous concert revival of the work by Mendelssohn in 1829 and the Choir's performances, even in the antiseptic Festival Hall, have long retained an aura of Victorian sentiment.

But this approach is being modified. Sir David Willcocks's temple have become more propulsive and his general attitude to the work lighter in texture. Indeed, the dancing inflections of the bass line in the opening chorus would have been considered giddy a couple of decades ago. The Choir itself sounds decidedly youthful and clear-toned despite its numbers, and it negotiates the fast tempo well. More attention is being paid to the inflection of Bach's phrases, allowing a greater variety of articulation in each instrumental line: results are still variable, with lapses into still a purpose, dulling legato occurring periodically.

Of the soloists, mezzo soprano Sarah Walker was particularly successful at translating this instrumental variety into vocal terms. Her phrasing also showed a good knowledge of the

stresses of the original text as well as its Anglican translation. Soprano Felicity Lott was vibrant voice, making many beautiful and exciting sounds which bore only a very general relationship to the specific meaning of the text. Richard Jackson took most of the smaller parts to the narration as well as all the bass arias, which meant that some of his singing in the long second half was decidedly underpowered. Although Jackson's voice is flexible and resonant, the low register is not yet fully developed and he resorted to forcing. The solo tenor has the least to do, which meant that Neil Jenkins had little chance of warming up before either of his demanding high arias. He did them well, but could not avoid faltering at both extremes of his voice.

The first requirement for the part of Christus is a beautiful voice. This Rodney Macann clearly has; his resonant, creamy tone is similar to Hermann Prey's. But of all the soloists he was most prone to exchange passion for sentiment and his lengthier speeches began to sound like Amfortas. Robert Tear's Evangelist is well known. He now has some difficulty moving his heavy tenor around the highest passages, but it remains a well-declared, broadly effective interpretation. Philip Ledger's harpsichord accompaniment was full of thickly voiced, over-registered chords, incessantly arpeggiated. It was a good example of the kind of clerical complacency, organ virtuosity which bring to this subtle instrument.

A more positive sign of future interpretive developments appeared at the close of the work. Adam Skeaping played the viola da gamba obbligato in "Come, healing cross" by memory with a sharply etched tone and a fine, declamatory Baroque intensity that fiercely scraped the harnesses off the performance. An extraordinarily right, unsettling reading, which abruptly orientated the afternoon.

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## Agustin Anievas by DAVID MURRAY

Astoria began and ended with what sounded like a polished party piece, and very good they were. Chopin's B-flat minor Scherzo rang out confidently, with its progress judiciously mapped; a mature sensibility came into play in the middle portions, and both the principal climaxes were admirably built up (if over-pedalled for this ball). Liszt's 12th Hungarian Rhapsody comes more vigorously to life with more playful irony than Anievas brought to it, but there was no lack of thumping brilliance.

## Book review

## Men with poles by B. A. YOUNG

Performance Art: Volume 1, Memoirs  
by Jeff Nuttall. John Calder.  
£5.95, 189 pages.

Performance Art: Volume 2, Scripts  
by Jeff Nuttall. John Calder.  
£5.95, 205 pages.

You can't say exactly what performance art is, because it isn't exactly anything. A bewildered Arts Council coined the name to justify their subsidy of such business as walking through the country carrying a pole. "A walking man is one thing," says Jeff Nuttall who has devoted a dozen years to performance art, "three walking men is another thing, but three walking men carrying on their heads a yellow pole is something very different."

He chooses this as an example of man as an object, the simplest kind of performance art, as practised by Gilbert and George (whom he never mentions). Mr. Nuttall's own confusions have been more complex, with elaborate scripts, mostly in verse, relying much

on carefully organised juxtapositions of contrasting events and the use of "violently intensified effect" — hence the frequent use of savagery, indecency, and other socially unacceptable factors.

The rules of performance art being so undefined, Mr. Nuttall's scripts, which he expected to be performed as he directed (though never theatrically), were treated with less respect than he demanded. He moved from one group to another, and in his most recent stage gave elaborate mock lectures on subjects like *Telepathy* and *Dance*, and "telephone novels" in which unsuspecting citizens were involved in extraordinary plots. Smaller-scale escapades included the distribution of hundreds of winged dried eggs.

Once the taut scripts are dispensed with, there's not much to distinguish these conceits from Lautréamont's basic "chance encounter of an umbrella and a sewing-machine on a dissecting-table," apart from the fact that they move. But they never are "chance encounters." A happening that needs the learning of difficult

scripts, the preparation of tapes and props and elaborate lighting and music is no less theatrical than a performance of King Lear.

At least Mr. Nuttall makes it all sound immense fun, even though he writes like a diarist replete with the draught ale of a man of wide culture, a sculptor (of a kind) and art teacher, but his book is too unobjective, referring constantly, usually by nicknames, to people and things we should apparently know about, congratulating himself on the stir he made in

some ill-concealed lapses — the driving G-sharp minor induced real anxiety.

With Schumann's *Faschingschwank* and *Wien*, suspicion that cantabile playing is not Anievas's forte became certainty. Not so very much is demanded in this score, but what there is essential: the Romance sounded merely frail and tentative, and the ripe *Intermezzo* was portentously inflated, though earth-bound by a pliant bass. The active movements were better (as long as Anievas remembered to keep his fortes on the right side of hard percussiveness), and would have

had a still livelier spring if devices like the rising quaverbursts in the Allegro had been less swallowed up in pedal. The spirit of the thing was not seriously misread; it may be that unfamiliarity with the ball and with the piano (which developed a buzz on a low C-sharp) accounted for the unenticing sounds that Anievas sometimes found himself making.

All the same, the breadth and range of the *Faschingschwank* and the Preludes do not seem yet to be comfortably within his grasp.

"They're still talking about it in the White Lion at Heptonstall," he assures us, though as the book was written in 1976 he may be mistaken there. Even reference to the scripts gives me no clear idea of how these things looked. And there's the trouble. As in all "modern" art—music, painting, poetry—the artefacts exist for the benefit of the creators, not the consumers. Mr. Nuttall's wish to "weave fiction and absurdity into the patterns of the lives of unsuspecting citizens" is pure self-indulgence.

## Gulf to give SNO £250,000

The Scottish National Orchestra is to receive the largest ever guaranteed sponsorship from a commercial concern for a British orchestra. Gulf Oil is committing £250,000, spread in the form of a deed of covenant over seven years, to the SNO.

Gulf Oil has been helping the SNO for four years, to the tune of £80,000 plus in tot. One immediate change in the schedule is an extra concert at Aberdeen, the base for Gulf Oil's extensive North Sea activities. The Minister for the Arts, Mr. Norman St. John Stevas, in welcoming this important new commitment yesterday, disclosed that he was conducting a major campaign in the next few weeks among the banks and oil companies in an effort to persuade them that some of their recent high profits could be usefully invested in the arts.



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## Looking past the crisis

THE FIGURES for national income and expenditure published yesterday, on the eve of the Budget, give a telling picture of a sick economy. Despite stagnant output, consumers' real incomes rose six per cent and their expenditure by four per cent. This was made possible by a violent compression of real profit margin—even in money terms, industrial profits net of tax, share earnings and stock appreciation fell by seven per cent. The balance was supplied by borrowing from abroad through the current account.

This is a portrait of an economy in decline, borrowing to finance unrealistic levels of consumption, and if the Chancellor had to try to restore the whole balance tomorrow, he might well despair at the task facing him. Fortunately, however, time is working for him. The likely growth of North Sea revenues over the next three years largely represents an addition to the national income, and by deploying this wisely, he can hope to progress by stages through convalescence to health. He can properly be judged, then, by how far he puts his measures tomorrow into the context of a medium-term plan.

## Pay increases

There is no mystery about what has gone wrong. Grossly excessive wage increases, against the value of money implied by relatively strict monetary targets, have compressed margins in productive industry. Employers have therefore been driven to borrow heavily, and since the Chancellor made inadequate allowance for this in setting his own financing needs last year, we have been compelled to borrow from abroad, and to pay interest rates which have taken a further £2bn out of industry's margins.

While it is to be hoped that the heavy deficit of companies, and the resultant risk to employment, will lead to more realistic bargaining in the year to come, it is clear that Sir Geoffrey must leave room on this occasion for enhanced corporate borrowing without undue strain. As employers' organisations have said, an easing of interest rates would be the most welcome of all relief.

Short-term rates can hardly be expected to fall far as long as so much inflationary pressure

remains in the system, and while rates overseas are still rising; but in the longer term market, much more might be achieved by a convincing medium-term plan to reduce inflation and reduce or even eliminate public borrowing—for with an accession of £10bn of revenue, a balanced budget by, say, 1984, is hardly a visionary project. Since debt service is the largest and fastest-growing heading in public expenditure, virtue here is self-rewarding. This is not just a matter of the PSBR. The sale of assets rather than of debt reduces the PSBR in accounting terms, but does not reduce the amount of finance taken by the public sector; it helps only the portfolio balance and the future debt service burden. It is the total public sector need for finance out of savings which is the key figure.

It is no doubt for this reason that the Cabinet has evidently been steering itself to take some harsh decisions; and austerity is certainly the immediate need. However, less austere measures are pleasant than others. Steps, for example, to bring forward some of the oil revenue into earlier years are a legitimate way of smoothing our progress, though the practical scale is far from covering the total need. The clearer the commitment to austere management of the Government accounts in the medium term, however, the less the need for immediate melodrama.

## Persuasive

But our present condition arises partly from lack of understanding, and the Chancellor must seek to be persuasive as well as austere. This implies that the Government should not sacrifice its central objectives—we have already argued that child benefits, for example, should be protected in real terms. It implies, too, that the Budget must be seen as fair, and especially to those least able to protect themselves. Thus if real social benefits have grown too far under existing formulae, the disabled might merit special treatment; if unemployment benefit is under review, special help for the regions of high and persistent unemployment would still be in order. The Chancellor cannot hope to be popular tomorrow evening; but if he is seen as purposeful and humane, he can survive that.

## Slow climb to the summit

THE EXACT sequence of events surrounding the call for the postponement of next week's Brussels European summit may not be known for some time, if ever. But it is clear that there were two decisive factors behind thinking in Rome—Italy's own political difficulties and the intractability of the major agenda issue, Britain's demand for a sweeping reduction in the budgetary cost of its EEC membership. The two fed on each other. The Italian crisis has prevented Signor Cossiga, who was to chair the summit, from preparing for his difficult task in Brussels. After resigning as Prime Minister last week, he has now been asked to try to form a new Government and is being pressed to do so with all speed by President Pertini. There must have seemed little point to him to take time off for a Brussels summit that has, in any case, looked doomed to failure over the past few days.

## Protestations

British protestations that the Italian move came as a complete surprise in London at first sight look unconvincing. Whatever the procedural niceties, it seems hardly conceivable that the Italians could have allowed such an important development to become public without first consulting, or at least notifying, other Governments, particularly the one most seriously involved. It seems just possible, however, that there may in fact have been a major breakdown in communications between Rome and London. France and Germany appear to have been aware of what was in the wind some time before Britain.

A decision to postpone the summit, however, is far more important politically for Mrs. Thatcher than her EEC colleagues. Having first insisted on a final solution in Dublin last November, she had to settle for a suggestion that the Brussels summit might be advanced, possibly to February, to focus specifically on the UK's problems. Far from being advanced, it is now being further postponed—even though Mrs. Thatcher and her team have made it clear they all geared up for a fresh crack at the problem. It is under-

standable that the UK should insist as firmly as possible on the fixing of a new date for the meeting before formally agreeing to its postponement. Germany has said it does not mind too much that the talks are to be postponed—indeed, over the past two weeks a number of influential officials in Bonn have been advocating just such a course of action. But Bonn, which is keen to see an end to the squabbling over Britain's demands, has insisted that the delay should not be too long. France, for its part, last week agreed to tackle the British problem at the Brussels summit, lifting an earlier threat that it might refuse to negotiate. This was widely seen as conciliatory.

Signor Cossiga's difficulties are widely appreciated by the other Governments—including the British. It is clear, however, that the resolution of major Community problems cannot always await the end of the latest Italian political crisis. This time fortunately, everyone in Rome is predicting a fairly speedy end to the crisis and the formation of a new Government under Signor Cossiga, perhaps by Easter. If that happens, the Italian crisis, and the summit's postponement, could just conceivably have done the Community a good turn, however annoying it may be for Mrs. Thatcher.

## Dangerous

If next week's summit had gone ahead it would almost inevitably have ended in failure and recrimination, opening an extremely dangerous period for the Community and Britain's relations with it. There is now at least the chance, if only that, that a further period of quiet, unobtrusive diplomacy can ensure that such an outcome can be avoided. Signor Cossiga wants to play a central mediating role once his domestic problems are settled. He should be given the time and the encouragement to do so. Insofar as the summit's postponement involves recognition that it would have failed, it should convince all Nine Governments of the need to think again. If that in turn increases the chances of success next time by only the smallest of margins, it is to be welcomed.

"FAR from adequate." That, in short, is the assessment made of President Carter's latest anti-inflation package by Mr. Reginald Jones, chairman of General Electric.

Mr. Jones' view matters, not just because he is head of one of America's largest companies, but because, as chairman of the U.S. Business Council and co-chairman of the Business Roundtable—an organisation of top executives which he himself helped to form in 1972—his voice has become perhaps the best known and most influential in the country's business politics.

Today, Mr. Jones has a lot to be worried about. There is growing evidence that the U.S. financial system, under sustained inflationary pressure, is at a watershed. The implications for the industrial economy, weakened in the last decade by relatively poor productivity growth, inadequate capital spending and innovation, are only just starting to emerge. The Carter Administration's belated assault on the inflation problem announced ten days ago, in the words of Mr. Charles Schulze, the Chairman of the President's Council of Economic Advisors, an attempt to nip the inflation problem in the bud before it develops to a point where the next cyclical downturn becomes a crash which will hurt even the strongest U.S. companies.

If it is not nipped, and Mr. Jones is one of those who fear Mr. Carter is proposing much too little too late—the result could be fatal for some weaker companies and intensify the underlying difficulties faced by key industries such as steel, motors, rubber and parts of the consumer electronics industry.

In spite of justified confidence about the strength of large sections of American industry, such as aerospace and computers, there is growing political concern about the country's declining industrial performance and a gathering interest in such details as relative labour costs in the motor industry and the production of American steel produced by modern continuous casting methods. A typical illustration of these concerns was a report to Congress at the end of last year on U.S.-Japanese trade. In the office of the Comptroller General, that report, since 1972 the U.S. has had the lowest rate of personal savings of any industrial economy. Savings in the American economy are proportionately only one third of the level of savings in the Japanese.

In the last year, the rate of savings has declined to historic lows, raising the question: where will the country's future resources for capital investment come from? On capital formation too, the report draws an identical conclusion. The U.S. again comes out worst with a ratio of around 13 for gross fixed capital formation (excluding home building) to gross domestic product for the last decade, compared with ratios of over 20 for Japan.

## MEN AND MATTERS

## Wanderings of the unloved 17

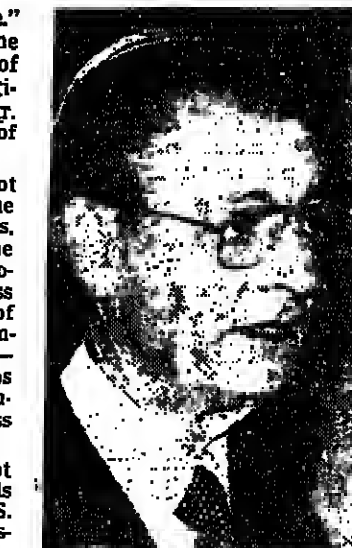
Evicted from their home in St. Stephen's House, opposite the House, to make space for the ever multiplying Commons committees, Britain's Euro-MPs are finding more than usually hard going. The 17 Tories have been taken in by Central Office, where garret was hastily carpeted for them. The 17-strong Labour group is homeless.

"Moving into the Labour Party's new HQ in Walworth Road was talked about," says Janet Royall, the Labour Euro-MPs' administrative secretary. "But we didn't want to push it. It's bound to cause even more bad feeling and things are getting a little better all the time—as long as we don't push it."

The best hope of the homeless 17 is that the European Parliament administrators get a move on with tying up negotiations in hand for months—for a £150,000-a-year building in Queen Anne's Gate. This it is proposed, will house the nine or ten European Parliament information staff. The Euro-MPs of both colours fervently hope there will be room for them too. However, with negotiations for the premises being conducted from Luxembourg, the installation of either officials or MPs seems a distant prospect. A Euro-spokesman tells me there will not, in any event, be a room for individual MPs to have desks, and no decision has yet been taken about giving them house room at all.

"If we're unable to move till July or August we'll try to get into Walworth Road," says the long-suffering Janet Royall from her flat, which for the time being is the headquarters of Labour in Europe. Her band is reduced to meeting in clubs and restaurants.

Tory-inspired rumours that the Labour Euro-MPs were furiously negotiating for space in the Palace of Westminster itself were greeted with derision by



REGINALD JONES: Down-to-earth style

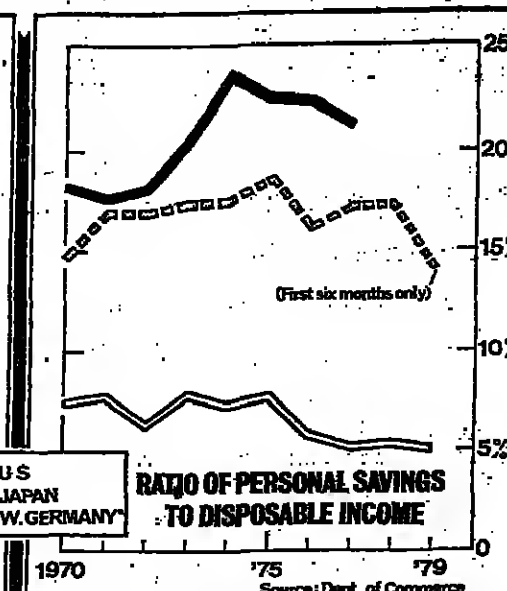
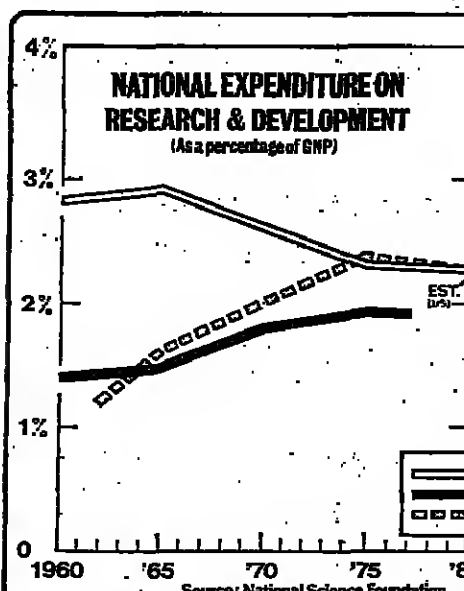
16 for France and around 15 for the UK.

There is equally grim reading on productivity. Average manufacturing output per hour grew between 1971 and 1978 by only 0.6 per cent, worse even than the UK's 1.8 per cent and one sixth the rate of West Germany's. Even America's vaunted leadership in innovation appears to be under threat to judge from the report's figures on research and development as a proportion of GNP. These show the U.S. on a declining trend since 1963.

It can be argued that some of these statistics are overstated. The productivity figures, for example, have been heavily influenced by dramatic falls in mining and construction. But whatever the deficiencies of the figures, American businessmen and influential sections of Congress take them with the utmost seriousness. Even businessmen whose own companies are doing well and confidently forecast to go on doing so, do an anxious expression when they discuss the decline of the innovative spirit, the weakness of the education system or the subject of ubiquitous worry—tumbling productivity growth. One result of this concern has been the growing attention given to proponents of "supply side economics" and their assertion that incentives to capital formation and higher productivity can make a major contribution both to growth and the fight against inflation.

## Confidence and clarity

This is where Mr. Jones and his colleagues come in with their programme for channeling the political will, and the rather stickier task of challenging the politicians to roll back the canopies of regulation on everything from pollution laws to the activities of the Federal Trade Commission. It is thanks largely to Mr. Jones and the organisations he heads that big business has been able to produce its political platform in the last eight years with confidence and clarity.



The prescription of supply side economics is familiar enough in Mrs. Thatcher's Britain. Indeed, the comparisons between the decline of the British and the U.S. economies have become a standard topic of dinner conversation in American business circles.

Mr. Jones believes the parallel is accurate in at least one regard. The U.S. has, he says, "all the same problems of motivating the national will as Britain has. But unlike many American businessmen, Mr. Jones' understanding of the British situation has been formed at first hand.

Son of a steelworker, he was born in Stoke on Trent in 1917 and still returns twice a year to visit members of his family in the city he left at the age of eight. In conversation, Mr. Jones retains a down-to-earth and factual style. It is no accident that this same style has characterised the efforts of business to educate Washington opinion in the past eight years. The avoidance of slick gimmickry, the quality of research in the documentation and the silence on issues where big business does not have a united front have given Mr. Jones and his colleagues a credibility on Capitol Hill which is remarkable given the scandals over international bribery and the illegal election expenses funding activities by companies of the late 1960s and early 1970s.

Assisted by growing political conservatism, the Business Roundtable has had some notable successes. In 1978, for example, something of an *amnis mirabilis* for business politics, Congress voted through a strongly pro-business tax package, turned back measures which would have increased labour picketing rights and quashed a plan to establish a consumer protection agency. Even more important, the level of credibility enabled the business lobby to pass into common currency the debatable notion that excessive government spending is the root cause of inflation. This argument is now so solidly established as the country's conventional economic wisdom that anyone seeking to challenge it—Senator

Kennedy, for example—has an uphill task. But the Roundtable's success in getting this view of the inflation problem accepted was not matched by any awareness of the speed with which inflationary psychology would grip the American people and their financial institutions. Like most Americans, businessmen did not at heart believe that it could happen here.

Mr. Jones was among them. "I am not sure that any one foresaw the rapidly with which the rate of inflation has moved up in the last several months. We would be hard-pressed to find any economist who would have predicted a year ago the current rate of growth in the Consumer Price Index." He is convinced that the Carter prescription is too low a dosage to cure an 18 per cent inflation rate but he does believe that the White House at least understood the problem and recognised philosophically the need to cut back the public sector. "The message has got through, but it has been weighed against the political problems of the Administration and members of Congress in an election year."

But if the approach to the problem were merely a function of election year psychology, Mr. Jones would be more sanguine than he is. The underlying anxiety reflects his fear that structural shortcomings in Washington are working against the country's ability to win its battle against inflation as well as leaving a number of other problems unsolved. "We have today, as a reaction to the so-called imperial presidency, a weaker presidency than we have had for many years." He is not, he immediately adds, talking about Mr. Carter, but pointing to the growth in Congressional oversight of the executive since 1945. "It would be difficult for any incumbent of that office to achieve many of his objectives because the office has been so weakened," he says.

Moreover, he feels that Congress itself has been severely weakened by what he calls "the growth of special interest politics in the U.S." This had led to an endless stream of "log

Jones is also strongly critical of what he terms the disincentives to exporters applied by the U.S. Government. Top of his list for review are the tax treatment of Americans abroad, anti-trust laws which inhibit overseas operations, an over-zealous Foreign Corrupt Practices Act which American businessmen believe gives their foreign competitors an advantage and boycott legislation of the kind which has made trading with the Arab countries more difficult for American companies.

On a more current problem, Mr. Jones dismisses the idea that trade boycotts against the Soviet Union or Iran are effective weapons in disrupting a foreign economy. "The U.S. does not have monopolies on products and technology and we have not been successful in persuading other nations to join us."

His hackles rise, however, when it is suggested that the consequence of the trouncing government expenditure reductions he and his colleagues propose will be to impose those very sacrifices on the poorest section of the population, for which the U.S. system provides only limited protection. Indeed, one measure Mr. Jones personally supports would be to alter the price index base on which social security payments are made to reflect more accurately in his view the lower actual inflation suffered by the aged and the poor, rather than high interest and mortgage rates, which have been a major element in the rise of the Consumer Price Index.

## Social and moral consequences

But when he speaks of the inner city ghettos and minority youth unemployment ("time bombs just ticking away") there is a real sense of personal anxiety. He is an active congregationalist and the father of a congregational minister. He is aware of the need for business to think through the social and moral consequences of its policies. Poverty troubles him, but he believes it is inevitable, statistically overstated in the U.S. and no more prevalent in the U.S. than in socialist or social democratic countries.

The problem of socialism, he rasps, is that it is too concerned with the process of wealth distribution, rather than wealth creation; the problem of capitalism, that it has no theology, an interesting choice of words for a man who clearly feels the lack.

The events of the past six months may have shaken his faith in the ability of the political structure, as currently constituted, to find a path through the economic and social problems of the country. But even on this theme, Mr. Jones consoles himself with the analysis that the waxing and waning of White House authority in its eternal struggle with Congress is, like the market economy itself, a cyclical affair.

stocking to the suspender. He recalled with feeling the excruciating sensation of the three-penny piece slipping, during a procession through Westminster Abbey, inside the stocking into the shoe. Such problems for our judiciary now are confined to the odd looks they get when going into linens departments and asking for a large pair of black tights.

## Playing patron

Faces glowing with delight, the management of the Scottish National Orchestra yesterday received from sponsors Gulf oil of a deed of covenant which will yield £250,000 in backing over the next seven years. The deed sets the seal on a relationship started in 1976, since when Gulf has sponsored the SNO with donations worth more than £80,000.

It could also mark the start of an outbreak of the "me-too" syndrome among other would-be sponsors of the arts in the private sector. That at least is the view and fervent hope of Bill Kallaway, the entrepreneur mainly responsible for bringing the company and orchestra together into this most fruitful alliance.

In the same way as sports sponsorship has become an established element in the publicity budgets of many major industrial concerns, Kallaway now looks forward to the time when the arts will become more widely used as a vehicle for transporting corporate messages to the public.

For this to happen, however, he says that decisions on spending should be taken out of the hands of top board members like music-loving chairmen, and passed down to the hard-headed middle management men who realise that arts sponsorship should be viewed as Kallaway puts it, "as a real business expense with real business advantages."

Real-businessman that he is, of course, the former special events organiser for W.D. and H.O. Wills fully realises that

the old-fashioned patronage system needed no middle-men. There is no room and no margin for the go-getting outsider between, say, a company chairman and the management of his personal pet orchestra or theatre group.

## Fowl taxation

"We," says auctioneer John Thornborough, "got in first—before the Archbishop, and before the Chancellor." Thornborough insists it is pure coincidence that his first-ever auction of exotic mammals and birds tomorrow should coincide with the Budget. Unworried by the prospect of any new punishing tax on penguins or bison, he is, as it happens, much concerned with tax questions just now.

More used to selling conventional pedigree livestock, he has been appalled to discover that penguins, eagles, swans, flamingoes and even fancy-looking water-fowl, all attract VAT. "We are in touch with the Customs and Excise," he tells me from his office in Leamington Spa. "At the moment they're saying everything's Vatable. I can see that flamingoes are ornamental, and similarly perhaps the bison, but some of the others will be, er, food... eventually."

The unfortunately Vatable varieties—and surely bison would go down well?—are breeding stock being sold by Christopher Marler, owner of a flamingo garden and zoological park in Buckinghamshire. He is, I am told, the man who has provided the champion bird in the waterfowl section of the National Poultry Show for the last three years.

## High thoughts

Europe's tallest office block, the National Westminster tower in the City, has been decorated with a graffiti reading: "People who live in glass houses should not get stoned."

Observer

## WorldBusiness



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## FINANCIAL TIMES SURVEY

Tuesday March 25 1980

## PORTUGAL

As the 1974 Revolution fades into history Portugal is steering towards stable democracy and EEC membership. The Centre Right coalition, which triumphed last December, is moving fast to carry out agrarian, banking and other reforms. Among the issues now are the future role of the military and the limits of presidential power.



Portugal's democratic progress since the Salazar regime was ousted has brought the country into closer contact with the rest of Europe. President Eanes with Mrs. Thatcher, then Opposition leader, during his State visit to Britain in 1978

## Need for stability replaces Marxism

By Robert Graham

WITH THE Portuguese Revolution now relegated to another decade, it is increasingly viewed with that mixture of incredulity and nostalgia reserved for adolescence. It was a necessary experience to break free from the frustrations and repression of the Salazar era. Yet in less than six years the Marxist-inspired reforms, ushered in by the armed forces and the hallmarks of the revolution, have become as outmoded as they proved impractical. Instead, a new consensus has emerged in favour of a stable democracy that points Portugal towards joining the mainstream of European political and economic life.

Nothing demonstrates this change of direction more clearly than the results of the election last December. The Centre-Right coalition, Alliance Democrática, triumphed on an electoral platform that was in its most important respects contrary to the principles of the 1974 revolution. The coalition, headed by Sr. Francisco Sa

Carneiro, campaigned for a clear-cut vote that rejected the Left as an alternative to power. The electorate was given pledges of liberalisation of the economy, a curb on State intervention, encouragement of private enterprise, an end to military involvement in government and reform of protective labour laws.

Side-by-side with this was a deeply felt need for stable government through new and unequivocal leadership offered by Sr. Sa Carneiro. The latter, rightly judged that when the last elections were held in 1976 the political situation was too fluid for a real clarification of where voters' allegiance lay. But he calculated that since then there had been a shift towards the Centre, symptomatic of a disenchantment with the Left and the extreme elements of the revolution. He was in fact banking on the innate conservatism of the Portuguese, and his judgment proved correct.

It is this proven sense of judgment that gives Sr. Sa Carneiro and the Alliance coalition their strength, because despite possessing a six-seat majority in Parliament, this Government is inherently weak. At present it can only be considered an interim government since, come October, there will be another round of general elections dictated by the provisions of Portugal's constitution — one of which requires elections to be held every four years. Thus when President Eanes decided last year to call early elections to resolve the impasse of chronic government crisis, it was known that there

was no way of avoiding fresh elections in 10 months' time. In his very short time in office Sr. Sa Carneiro has shown that he intends to be no caretaker. Indeed, all his actions suggest that he has a strategy based on the belief that he can win the forthcoming elections in October and will be around until 1984. This has generated an infectious confidence throughout the coalition which in turn has considerably helped to bring this fissiparous grouping closer together. The Alliance consists of Sr. Sa Carneiro's own Social Democrat Party and two Right-wing parties, the conservative Christian Democrats and the Monarchists.

## Isolated

The electoral success of the coalition was largely at the expense of the Socialist Party, which is now demoralised and split. The Communist Party, though increasing its share of the poll to 19 per cent, remains isolated by its own unregenerate Stalinism and its dogged defence of the revolution. It will therefore take a considerable alienation of the electorate by the Government if there is to be a significant change in voting patterns at the next elections. For its part, the Government is making sure that it will have something to crow about on the hustings.

The Government's approach has been to introduce some electoral sweeteners and hold good on the early introduction of certain pledges made in the December campaign. Among the sweeteners tax cuts are being introduced, raising the threshold at which differing

levels of taxation operate. The Government is also judiciously using its control over subsidies and adjusting the escudo to ensure that inflation comes below 20 per cent for the first time since the revolution.

On the pledge side the Government has acted with a speed wholly uncharacteristic of the languid pace of Portuguese politics. In the Alentejo the Government has applied agrarian reform law with a greater determination than any of its predecessors. A decree has been issued approving the principle of admitting private banks and insurance companies alongside those nationalised in 1974.

The Government will shortly announce details of bonds offered in compensation for property and businesses nationalised during the revolution. Though the law on this was approved three years ago, this is the first sign of concrete movement. First interest paid to foreigners is due before the elections in October.

But while the Government has one eye on the elections just as much attention — if not more — is being devoted to the thorny issue of presidential elections. The outcome of the presidential elections due by the end of this year is arguably more important than the general elections. This is due to the role that President Eanes has carved out for himself since 1976 and the inherent conflict in the constitution between the powers of the Prime Minister, who heads the executive, and the President, who acts as Head of State.

There is also a further constitutional complication in that the President presides over the

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Council of the Revolution, the military watchdog body that in theory is the guardian of the revolution and the principles it stood for. In the wake of the 1976 parliamentary elections, when no party obtained a clear majority, President Eanes played a vital role in guiding the affairs of the nation.

He was instrumental in appointing the three non-party Prime Ministers — Sr. Nobre da Costa, Sr. Mota Pinto and Sr. Pintassilgo. These were people chosen partly for their ability but also because their ideas coincided with his. In this way he inevitably has developed an ample presidential role, which is identified as such by the nation and has been enhanced by his penchant for foreign affairs.

So long as there is a weak Government the constitutional conflict is less likely to arise. Indeed the wide presidential powers of dismissal of Govern-

ments and refusal to sign decrees have been a stabilising element in the past.

But where a Government has a popular majority the situation is reversed. Thus the problem poses itself even more acutely if the Alliance coalition wins the October elections and President Eanes decides to stand for re-election and is re-elected. Since the President enjoys widespread popularity it is likely that he will be re-elected. It is against this background of inherent constitutional conflict that a complex series of political manoeuvres have been taking place in recent weeks. Sr. Sa Carneiro has been seeking to define the powers of the executive and as a result there has been considerable tension between the Prime Minister's Office and the Presidency.

Relations between Sr. Sa Carneiro and President Eanes have been soured from the start by the latter's stance during the election campaign last December.

## Tactless

President Eanes rather tactlessly let it be known that he supported the Socialist Party by dining with its leader, Dr. Mario Soares, just before the elections. In an eye-of-poll speech to the nation President Eanes went further and made a thinly-veiled attack on the Alliance coalition, suggesting that if the coalition came to power it would destabilise Portugal.

Since then friction has increased both over the limits of presidential power and over the role of the Council of the Revolution. Sr. Sa Carneiro has

challenged the President on the conduct of foreign affairs and took particular exception to the latter's own recent initiative in dealing with Mozambique. More important, the Prime Minister has been incensed by the President's failure to curb some hot-headed talk among the Left-wing members of the Council of the Revolution. This talk included the removal of the Government, according to Sr. Sa Carneiro's close aide.

Although the Government is now seeking to play down these disagreements, the situation is a delicate one, which if not treated carefully could degenerate. In challenging the President and the Council of the Revolution, the Government is taking on the military.

The Council of the Revolution is evenly split between Left and Right-wing members. The armed forces as a whole are now commanded by conservative men, even if junior officers may still be more radical. Thus there is a balance within the military and no real danger of adventurism. Nevertheless, the confrontation with the President, who after all is a military man and is supreme commander of the armed forces, threatens to take up the debate over the role of the military.

Sr. Sa Carneiro, in his electoral programme and in private, has made no secret of his desire to see the military completely removed from politics, including the disbandment of the Council of the Revolution. The public as a whole, one suspects, supports this. But it is questionable whether this is the right time to confront the issue. Unfortunately the presidential elec-

tions make this almost inevitable.

Sr. Sa Carneiro has to decide whom his coalition will support for the presidency. To support President Eanes would involve a good deal of fence-mending and an understanding on the constitutional role of the two authorities.

On present form relations between the two men make it unlikely that either Sr. Sa Carneiro's own Social Democrat Party or the Alliance coalition as a whole will support President Eanes. But if this is the case there is a dearth of suitable rival candidates to support among the military. The basic problem is that Sr. Sa Carneiro, if he wants to reinforce his authority, cannot afford to back a losing candidate. Moreover, he has to make up his mind before the elections.

## Fine judgment

So far in his career Sr. Sa Carneiro has shown a fine sense of political judgment, and on major issues has played his cards fanlessly. President Eanes on the other hand is not such a shrewd operator. Both parties blame each other for provoking the confrontation, but in reacting as strongly as he has Sr. Sa Carneiro is taking a gamble in this electoral year. Until the presidential issue is clarified the long-suffering Portuguese electorate will have to put up with a good deal more politicking. One only hopes that this does not become so debilitating as in the past. For if it does, Portugal will lag further behind Europe in economic and social development.



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## PORTUGAL II

# Melodramatic speed in foreign policy

"HOLLAND MAKES cheese, Switzerland condensed milk, while Portugal goes on standing on tiptoe trying to make itself seen in the gathering of great powers."

This statement used years ago by Gilberto Freyre to describe the pretensions of the then empire have assumed a fresh relevance ever since Portugal's Centre-Right Government took office in January.

Foreign policy is one of the "priority" areas where action has been taken with speed and with almost melodramatic determination. Portugal was the second country in the world, after the U.S., to withdraw its ambassador from Moscow for consultation following the Afghanistan crisis.

Sr. Diogo Freitas do Amaral, the Foreign Minister and Deputy Prime Minister, then opened a major Parliamentary debate on the Government's programme with a virulent attack on "Soviet expansionism" and the announcement that Portugal would revise all diplomatic, trade, and cultural links with the Soviet bloc.

Undoubtedly, the Soviet invasion of Afghanistan, occurring as it did only a few days after the Democratic Alliance's election victory, presented the Portuguese Government with a unique political opportunity.

## Ties of friendship

Domestically, it has allowed the Foreign Ministry rather than the President to take the initiative in foreign policy, as had been promised in the election campaign.

Internationally, it has allowed the Government to stress its unwavering commitment to NATO and its strong ties of friendship with the U.S. In striking contrast to the attitude of previous Portuguese administrations, ever since the 1974 revolution successive Portuguese governments, while theoretically linked by membership to NATO, have tended towards a de facto non-alignment.

In 1975, when the Communists came to power in Portugal, the balance tipped in the opposite

sense and for a brief period Moscow rather than any Western country including the U.S. appeared to have the greatest influence in Lisbon. This led to Portugal's exclusion from key decision areas within NATO.

Portugal's standing as a NATO member has gradually been re-established since the Communists were purged from government and the country's first free parliamentary elections in 1976 brought the Portuguese firmly back into the Western sphere of influence.

But generally, given the shifts and changes of government, Portugal's foreign policy has lacked real consistency until very recently. Thus last December, the then caretaker Prime Minister, Maria de Lourdes Pintasilgo appeared to be opting again for a kind of Third World type non-alignment, refusing, like Mrs. Gandhi of India to condemn outright the Soviet invasion.

In one of her last appearances on TV before handing over to the Democratic Alliance, Ms. Pintasilgo declared that she had been assured by the Soviet Ambassador to Lisbon that his country's troops would soon withdraw from Afghanistan. As a result she chose not to take a definitive stand on the issue.

The Government's renewed commitment to the Western alliance is expected to be particularly welcomed by Portugal's military establishment which, ever since decolonisation, has been looking desperately for a role.

In an important article recently published in Portugal's leading military journal, Lt. Col. Firmão Miguel, a former Defence Minister, appears to echo the thoughts of many of his fellow officers. He argued that there was an urgent need for Portugal to convince its allies that it was capable of making a positive and significant contribution to the defence of the West.

Unless this was made clear there was a danger that Portugal might eventually be dismissed as an irrelevance once neighbouring Spain joined NATO. The Spanish armed forces, he warned, had already

reached a much greater degree of modernisation than their Portuguese counterparts and could well be put in overall command of Iberia's defence.

The Centre Right Government's determination on the question of NATO has been matched by a fresh impetus in an area which Sr. Amaral likes to call his "priority of priorities": Portugal's negotiations with the EEC.

It is important to note here that the Government's tough anti-communism has in recent months threatened to upset Portugal's potentially important role as intermediary between Europe and some African countries, particularly those who, as signatories of the Lome Convention, have the possibility of considerable political and trade links with EEC member states.

## Energy intention

Recently, Sr. Amaral met the respective ambassadors in Lisbon of all Portugal's former colonies and declared that his government had every intention of strengthening Portugal's relationship with them.

This reassurance was clearly long overdue. In its first weeks in government Portugal's relations with Angola, its most important former colony, steadily deteriorated. This was reached in June, 1978, when in contrast to the high point in President Baines' signed an important treaty of co-operation with his Angolan counterpart, the late president Agostinho Neto.

Portuguese Foreign Ministry officials admit that since Neto's death Angola's new rulers have moved far deeper into the Moscow camp and that this has upset their relations with the Lisbon government. The practical expression of this change of attitude occurred in January when the Angolans nationalised remaining Portuguese shares in Diamang, the Luanda-based diamond cutting company without any prior consultation with Lisbon.

One final aspect of Portuguese foreign policy which deserves special attention is the question of Timor. Until quite recently this small island in south east Asia was the least

remembered remnant of Portugal's former colonial empire. Yet stories reaching the international Press in recent months have painted a gruesome picture of wholesale slaughter and starvation.

An estimated 200,000 people or about 20 per cent of Timor's population are believed to have died in less than four years. Timor, with its photographs of starving children, has become a new "Cambodia" and filled the Portuguese with a feeling of collective guilt.

The slaughter and the starvation are linked to the Indonesian military invasion of Timor after a bungled Portuguese decolonisation in December 1975. Reports of what really happened have been slow to emerge because of a total news blackout imposed by the Indonesian authorities. But Timor refugees arriving in regular numbers in Lisbon have confirmed the extent of the horror already alluded to by a number of international aid organisations.

Indonesia's de facto occupation has been formalised into a de jure integration, although resistance by Fretilin, the Timorese liberation organisation, is continuing. Until now Portugal has refused to recognise the Indonesian fait accompli and has resorted to rather impotent protests at the UN.

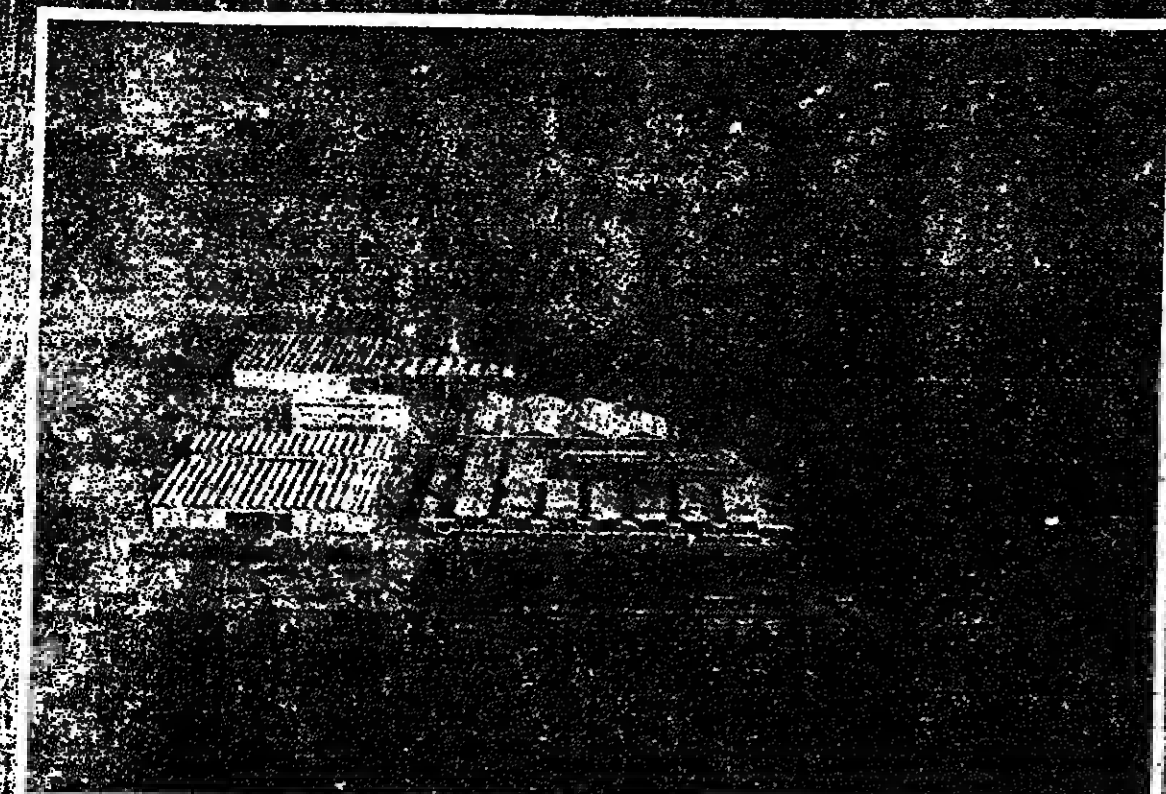
Portugal's Centre-Right Government appears to be hedging its bets on a more pragmatic approach to the Timor question. Rather than waste its breath at the UN, Foreign Ministry officials believe the time has come to talk directly with the Indonesian authorities.

The Portuguese Government appears particularly concerned by reports that, in addition to 2,000 Timorese living in Portugal there are a further 17,000 refugees waiting to be accepted by the Lisbon Government.

What remains to be seen is whether in its desire to solve a problem of human rights the Portuguese Government will again break with its predecessors and ignore the political aspect of legitimacy and the forces of occupation.

Jimmy Burns

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## EEC talks a priority

ONLY A 2½-hour plane journey separates Lisbon's crumbling cobblestones and rusty ramps from the stark efficiency of Brussels.

One would normally have to go half way round the globe to find that kind of striking contrast. But the enormous gap which does exist between the capital of Europe's poorest applicant member and the capital of Europe's Ten member states underlines exactly why the issue of future membership is so important for the Portuguese.

In the few months it has been in office Portugal's Centre Right Government has tackled negotiations with the EEC head on, making this, in the words of Sr. Diogo Freitas do Amaral, Foreign Minister, its "priority of priorities."

One of the first acts of the Government was a shake-up in Portugal's EEC negotiating team and the creation of a new ministerial post, the Secretary of State for European Integration, to streamline high-level contacts with Brussels. Portugal's chief negotiator, Sr. Rui Almeida Mendes, now sits in on Cabinet meetings and co-ordinates the actions of various ministries.

At the same time the Government has thrown open all remaining "dossiers" on the structural problems of future membership so that both sides can get down as quickly as possible to negotiating the more complicated aspects. For the first time since Portugal formally opened negotiations in October 1978, both Lisbon and Brussels have agreed on a more or less definite calendar.

The idea is to break the back of the negotiations by the end of this year leaving a few more months for last-minute details. In principle, negotiations should be completed by the middle of 1981, allowing Portugal to become a full member in 1983.

Ever since 1976 when Dr. Mario Soares, the then Socialist Prime Minister, first canvassed the European governments on Portugal's application to join the Community, the Portuguese ideal has rarely been in question. But successive Portuguese governments have shown a tendency to put the cart before the horse, concentrating on the political advantages of entering the Common Market without really getting down to the problems involved.

Portugal's Centre Right government has gone further than any of its predecessors in being disarmingly direct. There is scarcely a page in its programme

that has not either an implicit or an explicit reference to the EEC. Major policy decisions opening up sectors of the economy to the private sector have been justified on the grounds that Portugal's present economic structure is a jumbled left-over from the 1974 revolution and is incompatible with future membership of the Community.

The paradox, however, is that in its apparent desire to cut through the theory and apply itself to the merely practical, the Centre Right government has come dangerously close to making Portugal's membership of the EEC politically divisive. For the first time since 1976 it is not just the orthodox Communist party that is beginning to look towards the Community with hesitancy and suspicion.

## Sensitive

On a recent visit to Lisbon Mr. Roy Jenkins, president of the EEC commission, appeared extremely sensitive to the dangers of having the EEC become a partisan issue in Portugal. He made a point of devoting a long meeting to Dr. Soares.

Quite apart from the political aspect, one of the main problems arising from Portugal's accession to the Community stems from imbalance in economic development. This threatens to accentuate the EEC's heterogeneity once Portugal becomes a full member. Portuguese per capita income is well below the European average which includes the two other recent EEC applicants, Greece and Spain, and only two-thirds that of Ireland, currently the poorest member.

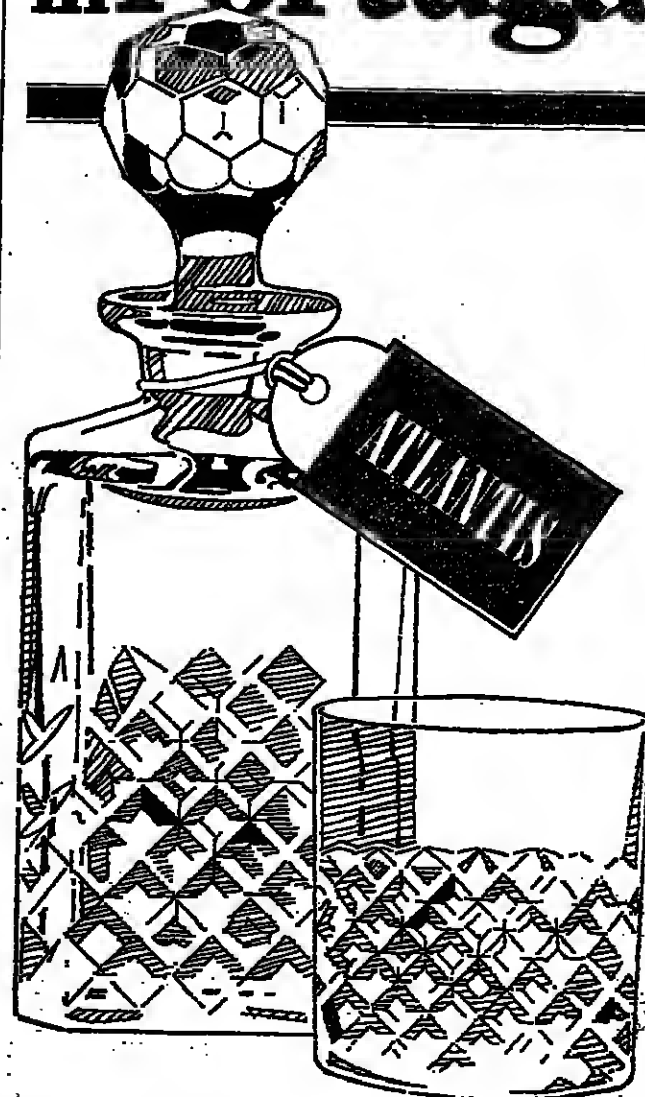
The EEC appears to have overcome its initial reluctance to treat Portugal as a special case and is now openly negotiating the prospect of pre-accession aid.

The issue remains a highly sensitive one, however, because of the current conflict between member States over budget appropriations and Portugal's own bad record on the absorption of funds. There is likely therefore to be a period of hard bargaining in the coming weeks as to the scale of the aid, even though its scope appears to be in little doubt.

Among the crisis-torn areas of the Portuguese economy that should be entitled to EEC help is agriculture. Although 28 per cent of its population is employed in the agrarian sector, Portugal is incapable of feeding itself, making its reliance on food imports one of the most damaging contributors to the trade deficit. Foodstuffs account

CONTINUED ON NEXT PAGE

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## PORTUGAL III

# Election colouring economic strategy

**ECONOMIC POLICY** this year is conditioned by the prospect of a general election to October. This means that the Government has to provide some sweeteners to keep its voters happy and deliver on at least part of its electoral programme of last December. But at the same time, policies have to be carefully tailored to avoid lumbering the Government with new problems after the elections.

Strategy is therefore based on two phases—the 10 months running from the last elections and the four years running from next October. Although there is obvious political uncertainty, the present Government has had the courage to think in these terms. It is the first time there has been a measure of strategic planning in the country since the Revolution of 1976.

The Government's margin of manoeuvre is limited, but there is some flexibility following an agreement to the country's external position last year and depending in the Budget. The current account is on provisional estimates showing a \$80m surplus (when finalised will be lower).

Exports rose 20 per cent in volume terms in 1979 (\$3.3bn, \$1.5bn) and there was a strong increase in tourist earnings plus remittances from abroad. Remittances in particular showed an encouraging increase, rising from \$1.6bn to \$2.6bn. This has been attributed to higher interest rates inside Portugal, transfer of accumulated savings, and greater confidence by Portuguese living abroad.

No one really knows the extent to which this figure also represents capital returning in the country, sent by persons who fled in 1974. But it seems that for the first time at least some funds are being repatriated.

## Gold reserves

The stronger external position has also reflected in the virtual elimination of the lien on Portugal's gold reserves. At the end of December only 64 tonnes out of 188.3 tonnes of gold remained pledged—compared with over 40 per cent two years ago. Within a month the gold reserves will free once again. Meanwhile foreign exchange holdings stand at \$630m.

One of the first measures to be introduced by the Government was to revalue the escudo by 6 per cent, retaining at the same time the former crawling peg system whereby the currency follows a progressive monthly devaluation of 0.75 per cent. This currency adjustment was an uncomplicated move which, with little real damage to exports or remittances permits a certain margin of manoeuvre.

For a start it will enable the Government to maintain better control of inflation. The Government is aiming for 18 per cent inflation. Since it has substantial control over prices through subsidies this should not be too difficult to achieve, albeit with some judicious juggling. Last year, subsidies for dairy products, edible oils, fertilisers and cereals amounted to \$15.6bn (£143.1m) and almost the same amount was devoted to oil products. The subsidies will be retained and perhaps in some cases increased.

The Government is also willing to readjust, if necessary, the crawling peg rate—moving the monthly depreciation to a

slower pace of 0.5 per cent. The Government has also hinted that there could be another revaluation. Thus escudo adjustments will play a more significant part in conditioning economic activity.

The Government needs the margin at this end in controlling inflation since it is committed to some expansionary actions. Income-tax rates are being cut and the first interest payments will be made on bonds issued in compensation for the nationalisations carried out during the Revolution. The tax cuts will take the form of raising the thresholds at which different rates are applied.

The move probably does little more than restore a measure of real earnings to the Portuguese who over the past three years have seen wages eroded by inflation. The authorities hope to offset the cost of these tax cuts through improved collection and tightening up on evasion among the self-employed.

The payment of the compensation bonds is a more complex matter. Although a law on compensation for nationalisation has been approved by Parliament for three years, successive Governments have ducked the issue. The problem has been both political and economic.

On the economic side the Government has had to balance the need to restore international confidence by demonstrating that nationalisation debts are being met against the poverty of its own Treasury and the potentially damaging consequences of releasing large sums of money without any real control. The Government is now trying to satisfy these conflicting elements.

The first group to be paid will be foreign capital. Studies will shortly be completed on the full value of foreign property nationalised. Another study meanwhile is finalising the form in which the bonds can be fully discounted—certainly not immediately.

Discounting will be further dependent upon money being channelled to specific productive investments that conform to criteria of job creation, export orientation, regional location and technological input. Interest payments will be backdated, though not the full amount immediately.

The Government has set itself a timetable of making the first interest payments in foreign currencies before the October elections, according to Finance Minister Sr. Anibal Cavaco Silva. The Government is also reckoning on spending \$10bn this year on interest payments.

Overall Government spending targets for 1980 have not yet been agreed. Nor indeed have the credit ceilings for the private and public sector. But there is a general guideline that spending should be held to around 20 per cent, i.e. pegged to inflation, or more.

## EEC talks

CONTINUED FROM PREVIOUS PAGE

for nearly 30 per cent of total imports.

Until now, a large part of its essential food needs, such as cereals and oil seeds have been imported from the world mar-

ket, at lower prices than those existing in the Community.

The problem has been further compounded by the tendency of successive Portuguese Governments to subsidise domestic prices and to intervene in the market.

Portugal's Minister of Agriculture, Sr. Antonio Cardoso e Cunha, believes that domestic prices should be liberalised and geared to Community levels, but he feels that the EEC should be prepared to compensate Portuguese farmers and help them to increase domestic production through technical help. The danger is that Portugal could find itself in a similar situation to the UK in that it would be paying artificially high prices for its food imports without receiving sufficient returns from its food exports. Portugal might therefore require special compensation for its net budget contribution.

Because of the low yield of most of its crops, Portugal is likely to require Community aid in the areas of mechanisation, irrigation, agricultural education, and seed and fertiliser use. The sector remains in desperate need of structural change, an aspect which is complicated by politics. In the north, Government attempts to weld small and fragmented farms into a system of co-operatives appear to be proceeding at a reasonable pace.

In the south, the Government is speeding up the return of collectivised land to private ownership, breaking up large areas into smaller more productive units. But while it hopes to complete this process by next October, it is increasingly facing the resistance of Communists working in the area.

Sr. Cardoso e Cunha says: "We are a very small problem

a deficit, this has to be watched. Exports, meanwhile, are expected to level off. As for domestic demand, this last year was stagnant in the private sector. It is hard to see any significant change until the latter half of the year.

The Government is preparing plans for some big capital intensive spending. The sectors selected are the energy field (four new hydro stations in the north), the steel industry (adding another 1m tons to capacity) and mining, to include the development of pyrites in the Alentejo. With the exception of the hydro projects, these will take time to mature.

In more general terms, a fundamental aim of the Government is to create a climate of confidence in which both Portuguese and foreign capital is willing to invest. The first step here has been the decision to admit private banks and insurance companies. The move is not a preliminary to de-nationalisation of existing banks and insurance companies, or to displace them; rather a gesture to the concept of a market economy which Portugal must adopt if it is to enter the EEC. The activities of the latter will be restricted.

Other elements designed to build investor confidence are an acceleration of the return of expropriated agricultural land, a commitment to change the labour laws and a tightening up in the running of the State owned companies.

Here the financial position of many concerns, especially in the transport sector, is parlous and sustained by subsidy. The Government is doing its best to disburse the concept that losses are always backed by the State. For instance there have been rumours inside the national airline TAP, one of the more troubled companies, TAP owes the State oil company, Petrogal, Esc 3.5bn—equivalent to a year's fuel supply.

Overall it is reckoned that State concerns need some Esc 20bn in capital to refort them on a sounder basis.

By building up domestic and foreign confidence, the Government hopes that future job creation will come from the private sector. It is a classic market view that by liberalising the system, otherwise labour to be shed where inefficient, more jobs will come through greater prosperity and new investment. Portugal has been living in a highly protected, State-dominated economic world since the Revolution.

The effects of international recession, the absorption of the "Retornados" from the ex-colonies and the evaporation of private confidence combined with clumsy State management have created unemployment and low productivity. Unemployment is now at 8.3 per cent and rising. It is not going to be a smooth ride.

Robert Graham

### BASIC STATISTICS

Area	88,940 sq km
Population	9.8m
GNP Es 767.4bn (\$9,087bn)	
Per capita Es 78,506 (\$927)	
Trade (1978):	
Imports Es 210.83bn (\$2,50bn)	
Exports Es 105.66bn (\$1,236bn)	
Imports from UK	£273.5m
Exports to UK	£224.4m
Currency:	Escudo
£1=Es 84.45 (1978 average)	
£1=Es 109.55 at 17/3/80	

This is expected, too, to be the parameters for the increase in credit to productive sectors. The Government has to observe greater budgetary discipline. For instance last year, despite underspending (through late Budget approval) by 26 per cent, the deficit still rose 33 per cent to Es 107bn. Public indebtedness also rose sharply and now stands at around Es 260bn.

Provisional estimates suggest that this year the Government will be making interest payments on debt service up from Es 260bn to Es 50bn—a figure that includes the compensation bonds. To alleviate this burden and to restructure existing debt it is highly likely that the Government will revalue its gold. Portugal's gold holdings are written at a book value of \$35 an ounce, even though, when the gold was pledged, the market price of the metal was taken into consideration.

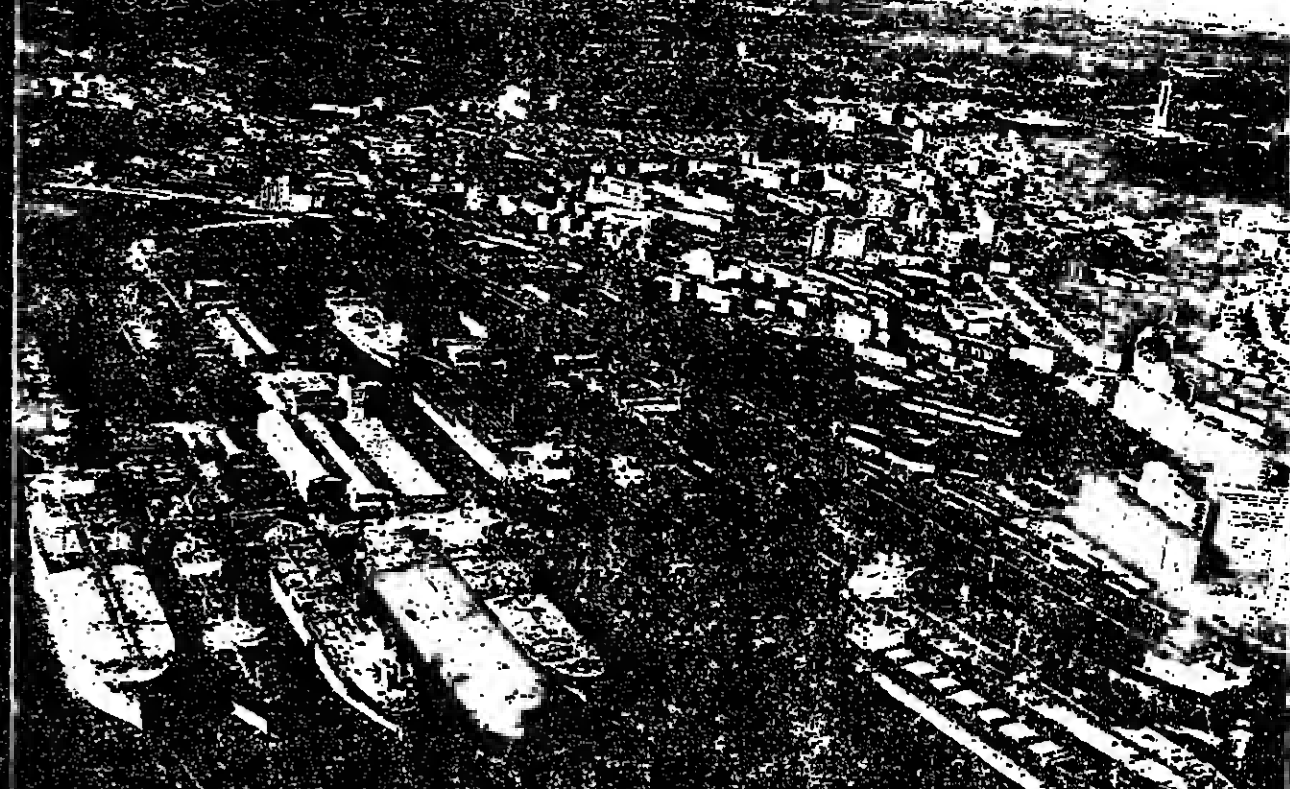
### Book surplus

If the various legal problems can be resolved, revaluation will create a book surplus to settle part of accumulated Government obligations with the Bank of Portugal. Several European countries have resorted to this formula in the past three years, including Austria, France, Italy, the Netherlands and the UK.

On the assumption that this measure is carried out, the Government could well press ahead with more investment. Sr. Cavaco Silva is aiming for an increase in GDP of 3.5 per cent, this suggests a slight pick up on activity in 1979 when growth was only 2.5 per cent. The uncertainty here is threefold: the effect of energy prices, the performance of exports and the state of domestic demand.

With Portugal 83 per cent dependent upon imported energy, the recent accumulation of oil price rises has had a serious effect. Energy imports this year will cost \$2.3bn. Portugal has appointed a special Energy Ambassador to try to secure supplies, hopefully at privileged rates. Even so, the payments position will deteriorate and register a deficit of some \$800m. Although the new Government is unafraid of

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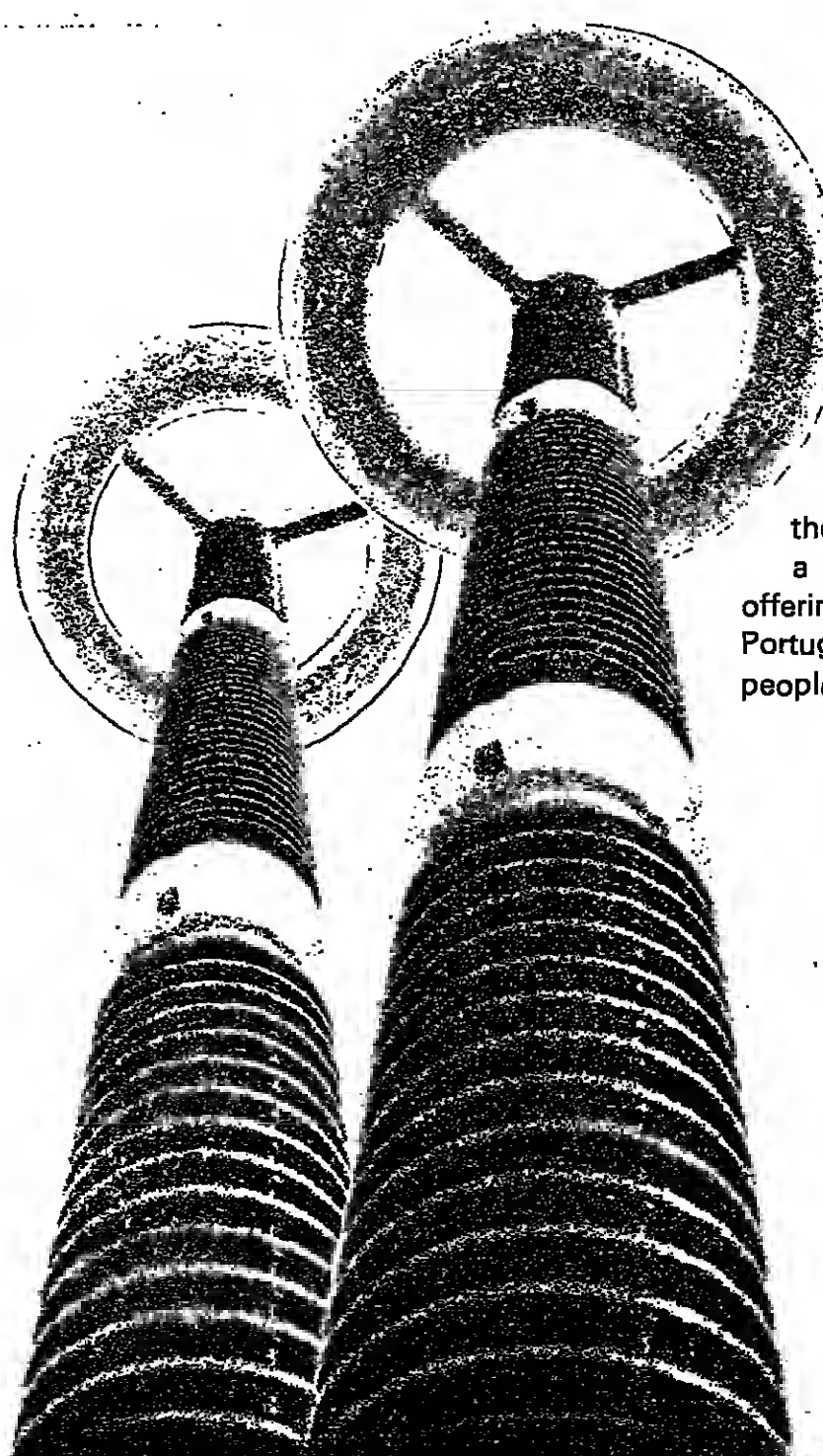
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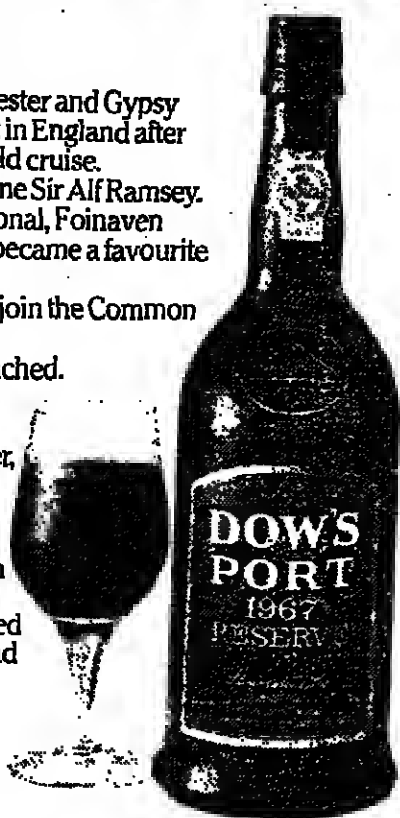
Sir Francis Chichester and Gypsy Moth IV arrived back in England after an unforgettable world cruise. Alf Ramsey became Sir Alf Ramsey. In the Grand National, Foinaven came in at 100-1 and became a favourite with the bookies.

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WITH THE striking exception of Turkey, there is less foreign investment in Portugal than in any other country in Europe.

Its total stock of approximately \$650m (£290.4m) is less than the value of one year's foreign investment in neighbouring Spain. Foreign companies existing in Portugal moreover employ less than 5 per cent of the total labour force and account for less than 10 per cent of the total industrial output.

Recent figures released by the Portuguese Government show that foreign investment in 1979 increased over the previous year by 124 per cent to Es 4.2bn (£38.5m) but this gives a distorted picture. The statistic applies largely to increases in capital and reinvestment, a poor compensation for the fact that last year there were no new investments in Portugal of a value above Es 40m.

The lack of foreign invest-

ment in Portugal stems primarily from the political climate that has prevailed since the 1974 Revolution and the restrictive legislation that has resulted from it. Constant changes in government—there have been 12 in six years—has meant a lack of a medium-term plan. At the same time, laws such as those preventing an employer the freedom to fire and hire, and restricting the activity of the private sector in crucial areas of the economy such as banking, have proved a poor incentive for potential investors.

An important psychological factor dissuading foreign investment has been the sluggish approach, if not outright indifference, demonstrated by successive Portuguese Governments on the question of compensation for firms nationalised or illegally taken over following the revolution. However, these negative

aspects do not tell the whole story of foreign investment in Portugal during the past two to three years and certainly do not explain why some foreign companies have chosen to remain in Portugal, and why others have chosen to invest for the first time. In the latter category must be mentioned Ujohin, the U.S. multinational which in 1978 signed a \$20m joint venture agreement with Quimizar, the Portuguese State-owned chemical company.

More significant however was a \$800m expansion programme proposed by Renault the French car manufacturer. Renault approached the Portuguese Government in 1976 and signed an initial protocol agreement in June last year.

These initiatives suggest that while the political climate has been bad, it has not been impossible.

Since the publication of a new foreign investment code in 1977, foreign companies have been able to enjoy a number of incentives which would have been unheard of in the heady revolutionary days of 1974 and 1975. According to the code, a new investment is expected to meet four basic criteria. It must contribute positively to the balance of payments by being export orientated, it should have a high added value in Portugal, and it should involve the creation of a significant amount of new jobs. In addition the new project should be backed by a solid financial structure based on an adequate reinforcement of fixed capital by the company's own capital.

If these criteria are met, a foreign company is guaranteed the freedom to transfer dividends and profits without any

restrictions. It will also be granted a number of generous fiscal benefits.

The 1977 foreign investment code also resulted in the creation of a semi autonomous Government agency, the Foreign Investment Institute, in charge of streamlining the process of screening new applications. According to its chairman, Dr. Alexandre Vaz Pinto, the institute is the "only body with which the potential foreign investor has to deal for the purpose of obtaining the necessary authorisation."

The foreign investment code and the institute have however been criticised as ambiguous and bureaucratic by many foreign businessmen.

## Discriminate

They point out for example that despite its more or less liberal appearance, the code is essentially discriminatory. For instance, it restricts a foreign company's access to medium-term capital and sets five years as the minimum period before a foreign company can go into voluntary liquidation. At the same time, potential investors regard the case by case assessments carried out by the institute as unnecessary red tape which contradicts EEC rules.

Dr. Vaz Pinto defends the code on the grounds that Portugal's poor economic underdevelopment makes the country particularly vulnerable to some of the negative effects of foreign investment. "We are trying to attract stable, not speculative, investments," he says. The rule should apply particularly in a situation such as Portugal's where the capital market is limited and a strict

credit policy is still in force.

The case by case authorisation is necessary to direct investments towards those sectors "which most interest Portugal," Dr. Vaz Pinto however points out that there is an automatic procedure for the "simplest files," namely capital increases and small investments. A decision on larger investments is taken within three months though this is sometimes subject to last minute delay. The Renault project took three years. Generally, however, rules regarding financing are flexible and can be adapted to the needs of a specific project.

The process of adapting the rules to Portugal's impending membership of the EEC is of course already well under way. Portugal's Centre Right Government is determined to attract foreign investment to put the country's economy on a firmer footing.

While recognising that its room to manoeuvre is to some extent limited until after October's general election, it has already begun to dismantle what it regards as the less positive aspects of Portuguese legislation.

The Government has already approved a decree law that will throw key areas of the economy such as banking and insurance open to private investment again. The new law, however, will still leave petrochemicals, oil refineries, steel, armaments, the three utilities (gas, water and electricity) as well as rail and air transport as Government monopolies.

The Government is also committed to speeding up compensation estimated to be worth a total of \$2bn at the present rate of exchange. The idea is that

interest rates will be raised on the bonds given to those whose companies have been nationalised and these will be properly discounted by the banks, thus making funds available for new investment.

According to Dr. Vaz Pinto several Spanish companies have been compensated in recent weeks.

The Government programme is also pledged to a liberalisation of present labour law. Nevertheless the introduction of any legislation giving employers greater freedom to hire and fire workers would run the risk of creating large-scale labour unrest and of aggravating unemployment. Here again Government is expected to cautiously at least until the election.

Foreign investors can expect further incentives as a result of a new package of measures prepared by a Government appointed working group. It will streamline further a method by which fiscal credit incentives for new investments are screened. While a task will be centralised under the Minister of Finance, Government officials have stressed that for the moment there will be no changes to the case method of authorising investments.

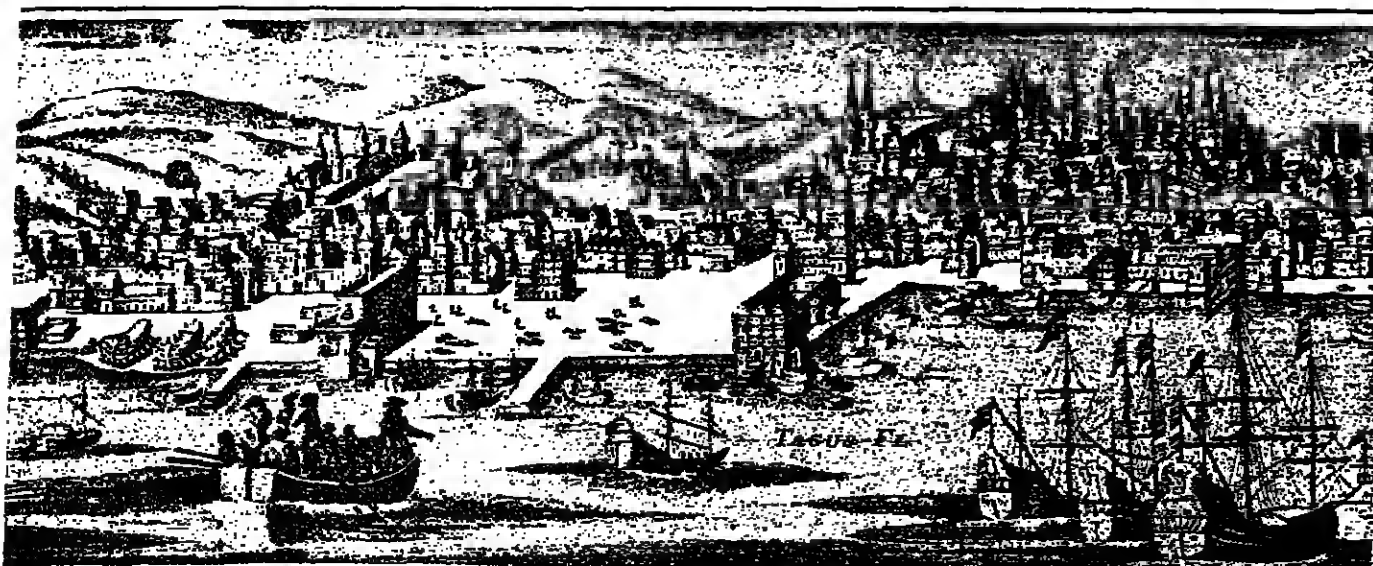
The Government has set itself a growth target of 3.5 per cent for 1980, almost double its 1979 target and wants foreign investment to make a significant contribution to this. It believes that in addition to the new incentives, Portugal has other attractive qualities such as low cost labour which should bring foreign companies along in increasing numbers.

Jimmy Burns



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## Rapid reform for banking

THE GOVERNMENT'S electoral pledge to liberalise the banking system and permit return of a measure of private enterprise has never been doubted. It had been generally recognised that if Portugal were to enter the European Community, it could not exclude foreign banks and investment companies and therefore any government, no matter what political complexion, would have to make changes.

But the speed with which the Government acted on its pledge has caught many by surprise.

Last month it committed itself to the early introduction of legislation to permit the operation of private and foreign banks and investment companies. Details are not yet available, but the principle is clear enough. Private banks will operate alongside the State-run institutions, albeit with their activity tightly defined, in order to create greater competition and greater diversity of financial services.

Nationalisation of the banks and insurance companies was one of the principal economic aspects of the 1974 revolution. The banks were generally family-run and were usually part of conglomerate empires that had wide ramifications through equity participation in industry, the services and agribusiness. Under the old order they had enjoyed a privileged position and had come to symbolise the social inequalities of Portugal.

With this background in mind, it would be difficult for any advocate of the market economy to consider a return of the banks to their original shareholders. It would be politically impossible less than six years after their nationalisation. Thus the principle of which private initiative is being allowed back to this sector also has to take account of the recent past.

### Emphasis

The existing nationalised banks will continue to operate as usual with the emphasis on retail operations and retaining their existing specialisations. Some banks have historically been more active in gaining business from remittances or in financing commerce and exports; others, like Fomento, concentrate on industrial finance. The new private banks will not wish to commit themselves anyway to retail banking and will naturally look at the wholesale end.

There are suggestions that Portugal could copy the type of restrictions Spain imposed on the entry of foreign banks to that country last year. These consist of a hefty upfront entry fee, restrictions on local currency dealing (i.e. escudos business) and on the amount of business in profitable guarantees. There are also likely to be restrictions on spot transactions, pushing the new institutions into business dealing in terms of one year and upwards.

Portuguese who fled at the time of the revolution are also showing a good deal of interest in re-establishing themselves. They regard liberalisation at this level as an important part

of the climate of confidence necessary for new investment. Already there is one financial services company, MDM, (formed from the Mello group with America's Morgan Guaranty and Germany's Deutsche Bank) which took the gamble almost two years ago by setting up on a slim operational base in the hope of liberalisation.

But it is worth sounding a note of caution. Entry is bound to be selective and highly controlled—at least this will be the case with foreign institutions.

The main hope is that the admission of private enterprise to the system will stimulate the growth of a capital market. At present this has a very narrow base. The bulk of Government debt is directly with the Bank of Portugal (just under 80 per cent). A substantial proportion of bonds issued by the Government are at non-market rates—7.5 per cent—which the banks and the Bank of Portugal are obliged to purchase.

### International trends

In the past year the Government has been obliged to go to the market with issues that reflect international trends and local inflation.

The existing inter-bank market is dominated by the Bank of Portugal. Effectively there are two markets. The first is for 24/48 hour funds, the rates for which are fixed by auction. This inter-bank market is the principal means of absorbing short-term liquidity. Then there is a second market which involves the Bank of Portugal selling off bonds at discounts determined on the day. Lacking in the present system are short-term Treasury bills.

If the system is to be liberalised, however, the Government has to accommodate the demands of the economy for reasonable term finance. There is a natural tendency—witness Spain—for banks to gravitate towards short-term lending once funds are released which were previously tied up in state-directed, low-interest, long-term investments.

The Portuguese savings banks, for instance, an important source of deposits, have almost 90 per cent of their resources channelled to term lending. This cannot be quickly or easily changed.

Although the nationalised banks have been encouraged to compete against each other they have remained conditioned by the attitudes of successive governments towards them. So long as the question of compensation remains unresolved there has been a general reluctance on the part of the authorities to increase the capital of the individual banks. This has meant that the banks have tended to become undercapitalised, and in turn this has inhibited the way they operate. The Government is interested in making changes in this respect but it is unclear whether any action will be taken before the anticipated general elections in October.

Robert Graham



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## PORTUGAL V

# Unions face a battle with the government

By a correspondent

PRIME MINISTER Francisco de Sá Carneiro may have a parliamentary majority, but the Opposition is still firmly in control of Portugal's trade union movement. And it is an Opposition well to the left of the Socialist Party. Only a year after launching its bid to wrest control of organised labour from the Communist-dominated CGTP-Intersindical, the General Union of Workers (UGT) lies in shambles, an embarrassing reminder of past friendships which all sides involved are hurriedly trying to forget.

Set up by a grand alliance of non-Communists with outside backing, particularly from West Germany, the UGT faced credibility problems right from the start. It won only limited acceptance, attracting mainly white collar unions, whose members tend to be less militant. It was the child of an unnatural union between Christian Democrats, Social Democrats and Socialists.

The Socialists are now in opposition, having paid a heavy electoral price for their labour policies, whereas the Christian Democrats (CDS) and Social Democrats (PSD) are in power. The inevitable has already started happening. The Christian Democrat unions held their own small congress and urged their Social Democrat partners to boycott the Socialists in the UGT.

The Socialist Party, licking its wounds after last December's double electoral defeats, decided to put out feelers to former dissidents to recover its left wing image, particularly in the labour movement. In practice, that meant a reconciliation with the UEDS (Union of the Democratic Left) of former Socialist Agriculture Minister António Lopes Cardoso, some of whose leaders form a non-Communist minority at the top of the CGTP-Intersindical.

Portugal's labour movement has traditionally been highly fragmented, but when the CGTP-Intersindical gathered 256 trade



A new realism is replacing the idealism of revolutionary days. A soldier carrying a rifle with a flower stuck in the end of it restrains a good-natured crowd in April, 1974

unions speaking in the name of 1.5m workers at its third congress in early March, it was laughing. In just one year it had seen the biggest potential threat to its position disintegrate in all but name, torn asunder by internecine quarrels.

By contrast, the Communist-dominated Labour Confederation remains predictably monolithic. The CGTP-Intersindical programme that was approved by all but 14 unions is violently anti-Government in its language, but so far, at least, the non-federation has avoided a real showdown with Portugal's first right wing Cabinet since the 1974 Revolution.

This has earned its pro-Communist leadership bitter criticism from the extreme Left, which has accused the CGTP-Intersindical with being

obsessed with protecting its legal status at all costs and of being at heart frightened of breaking the social peace.

A climate of conflict would to the short term stand to benefit the revolutionary Left more than a Communist movement that has always been in search of respectability since the setback it suffered in 1975. The pro-Moscow Communist Party itself has already warned that the Sa Carneiro Government might give way to a Right-wing dictatorship, and avoiding that is its real priority.

Communist trade unionists, confident that time is on their side and that their side will ultimately win, are showing a new realism in Portugal. They say they realise that workers' main concern at a time of economic difficulty is keeping their jobs and that the radi-

calism of the revolutionary period of five years ago would be counter-productive today.

Communist workers' committees have watched passively while factories and firms were handed back to their former owners. Even the strikes and demonstrations that have been staged so far seem to be more for show than anything else. The Government's economic measures made some sort of union protest inevitable, but the CGTP has so far carefully avoided calling a general strike and its first Lisbon demonstration against the rise in the cost of living was small and subdued compared to similar ones of only a year ago. When the CGTP-Intersindical organised a protest strike by public transport companies in March, it limited it to off-peak hours.

## Confirmation

The Government, frustrated at how control of the labour movement escapes it in spite of its electoral strength, seems to be pursuing a policy of confrontation with the unions. It wants to show its electorate it can deal firmly with the Communists, but at the same time it is ready to negotiate.

The future really depends on what happens to the economy and particularly to unemployment, a highly emotional issue which really could mobilise the workers on the scale of 1974 and 1975. As long as the Government can avoid any mass layoffs or pushing the CGTP-Intersindical into a corner from which it cannot back out gracefully, the labour unrest which appears destined to accompany this Government will probably remain mostly cosmetic.

As the former Governor of the Bank of Portugal, José Silva Lopes, recently said after resigning: "Only in Portugal could successive Governments since the Revolution have gone on reducing the real income of workers with so little opposition."

## Tourism vital to economy

By a correspondent

IF PORTUGAL'S present tourism boom is to continue, the pace and scale of new investment in the sector must rise considerably, say senior tourism officials. Because the industry is so important as a major foreign currency earner, the National Tourism Office is gearing up to attract more foreign and local entrepreneurs into the field.

According to tourism's Sr. Manuel Rocha: "This country has plenty of excellent opportunities for tourist developers." He says recent extensive studies show Portugal can expect a 7.7 per cent increase annually in foreign visitors for the next four years. To keep up with this expansion the country needs 5,000 additional hotel beds every year, a target which can be achieved over the short term by bringing to com-

pletion projects at present under construction. "But," says Sr. Rocha, "if we are to meet the medium-term demand projects now under study and future planned investment must be speeded up."

Portugal currently has 150,000 beds to offer tourists (compare neighbouring Spain's 2m) and despite rising prices the country has managed to maintain a highly competitive position in the world tourist charts. Visitors numbered 5.2m in 1979, a 56 per cent increase over the previous year and the largest number ever to have come to Portugal, according to recent statistics.

This influx brought the Treasury £55m, 75 per cent more than in 1978. Allowing

for inflation, this represents a real income growth of 50 per cent, making tourism the strongest growing sector in the economy, according to the Tourist Board.

To keep pace with double figure inflation, hotels and restaurants have raised their prices steadily but because of the weakness of the escudo the cost in sterling, marks or francs has remained very attractive in comparison to other popular Mediterranean holiday areas.

## Encourage

It is this popularity which is encouraging those thinking of sinking money into industry, which was badly hit by the revolutionary disturbances. The Sheraton group will shortly go ahead with its 800-bed hotel complex at Vilamoura in the Algarve. The group is also studying a project in the northern city of Oporto, heartland of the wine and textile industries.

Intercontinental Hotels has just taken over the Lisbon Ritz, a five-star luxury hotel, and is examining other investments around the country. Meanwhile Hilton Hotels is reportedly looking at building sites in Lisbon and Oporto.

To encourage these and other would-be investors, the Tourist Board has just obtained Government authorisation to improve its already attractive aid schemes for developers. It can now grant up to 75 per cent of the total capital in low-interest loans payable over 15 years. Depending on the investment's

classification, the interest rate varies between 12 and 22 per cent—which, says Sr Rocha, is giving away money, because inflation is running at about 24 per cent.

As almost every tourist advertisement will tell you, people come to Portugal for the sunshine and the beaches—300 sunny days on average annually and 500 miles of golden sand. It is a favourite haunt for British, West German and Spanish holidaymakers and especially popular for the emphasis on open-air recreations—golfing, fishing, camping, boating and sailing.

But the Tourist Board realises that there must be some changes if the industry is to develop and while keeping faithfully to these successful promotion themes intends shifting the emphasis to other relatively unvisited areas of the country.

Three regions in the interior have been chosen as pilot schemes. They are the Sierra da Estrela mountain ranges for winter sports in central Portugal, the natural park of Penedo do Geres in the far north for nature lovers and the towns of Elvas and Vila Viçosa in the eastern Alentejo for their historical and scenic attractions.

But the Tourist Board realistically admits that heavy, and in the short-term unobtainable, Government expenditure on services and infrastructures will be necessary. Thus it is hoping private enterprises will step in once the idea catches on and the spots become popular with tourists.

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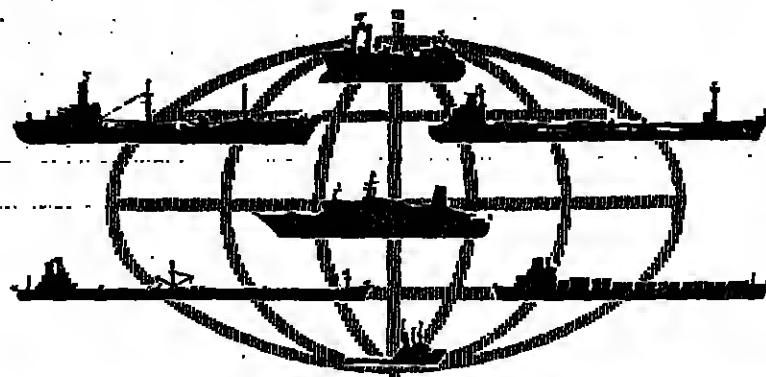


Portugal is very popular with British, West German and Spanish holidaymakers seeking the sun. Above: fishermen's boats on the beach at Albufeira, Algarve

# PORTUGAL

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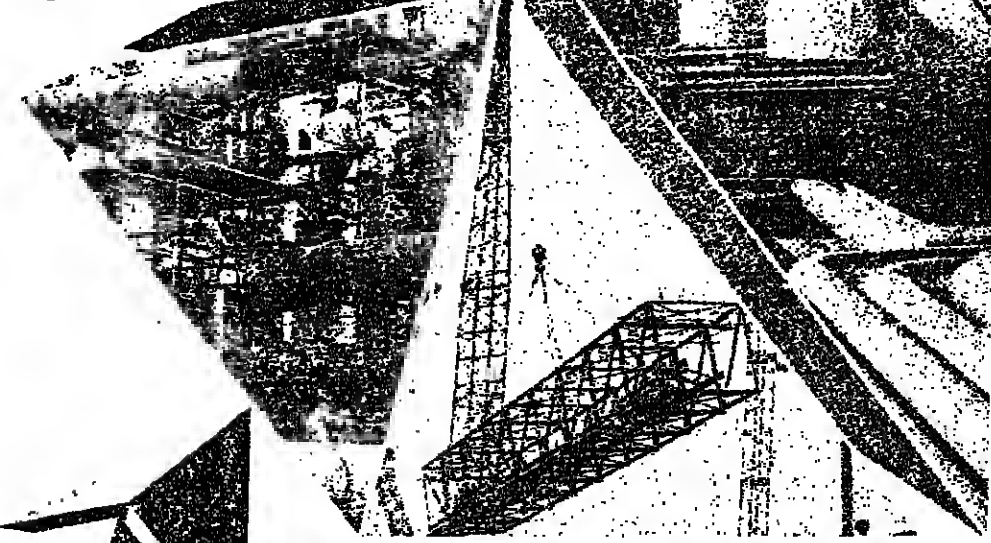
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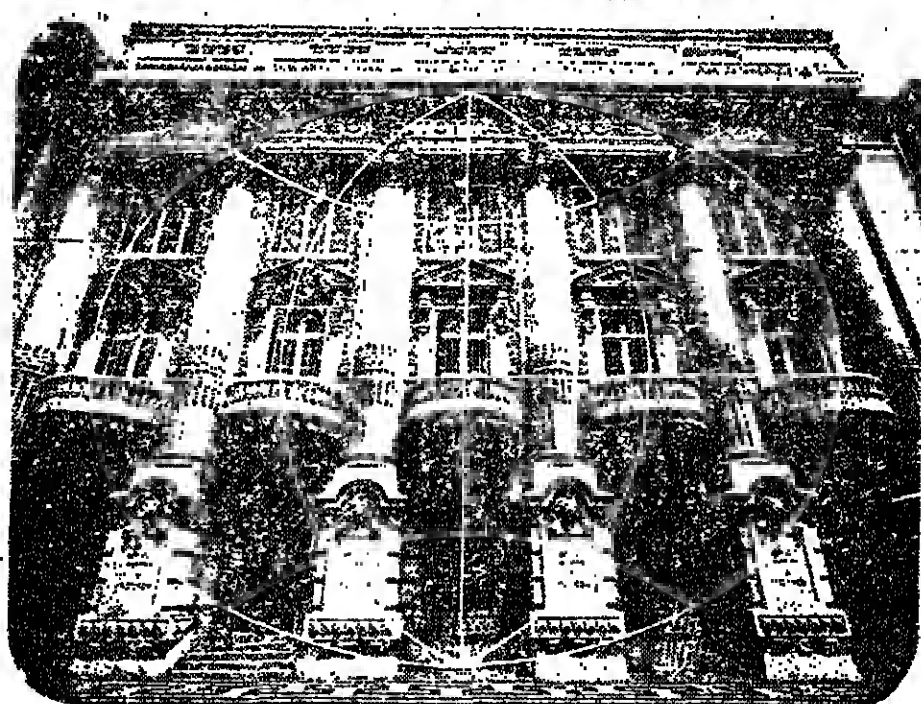
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## PORTUGAL VI

The 1974 coup created new leaders and new political situations for them to deal with.  
Four of the men at the top are profiled here.

### Antonio Ramalho Eanes

**FUTURE HISTORIES** en Portugal's transition from revolution to democracy will devote thick chapters to the role of President Antonio Ramalho Eanes.

To a greater degree than perhaps any other political or military figure, the 55-year-old general was born, bred, and ultimately delivered of April 25, 1974.

The date determined a future role in Portuguese politics for the then obscure and little known army major. After the coup, Eanes was recalled from active duty in Africa by General Antonio Spínola, the then head of the armed forces movement. Spínola picked Eanes from obscurity because he admired the young major's professionalism. He also found Eanes politically much more trustworthy than many of the left wing officers who had made the coup.

Once in Lisbon, Eanes came into first-hand contact with the top military atmosphere of revolution. Appointed, within five months of the coup, as the chairman of Portuguese Television, he became closer than most to its excesses as soldiers and civilians grappled for prime time after nearly half a century of dictatorship and censorship.

Eanes was propelled into the limelight not by personal ambition but by the ambition of others who saw in his military professionalism and administrative capacity a way out of the chaos.

But as the revolutionary fervour grew it was Eanes, aided by a group of army officers, that knitted together a broad spectrum of civilians and politicians, united essentially in their determination not to see

Portugal taken over either by the far Left or the Communist Party.

It was Eanes who on November 25, 1974, led the "coup within the coup" and put down the far Left once and for all, opening the way for the country's first free parliamentary elections within the year.

Looking back, it is difficult to chart the exact point at which the one-time loyal subordinate became the strongman with clear ideas of his own. What is clear though is that having been propelled into a position of military strength that November, Eanes found himself for the first time in his career with substantial room to manoeuvre.

He had watched the inactivity and discipline of the armed forces rapidly deteriorate in the wake of the revolution. He had managed to keep some troops together and was determined to extend this rule to the whole of the armed forces, and to take them firmly back into the barracks.

#### Neutrality

On the political front, it was Eanes's basic neutrality that won him broad backing in the country's first free Presidential elections in 1976.

In retrospect, it is ironic that the first two political parties to offer their support to Eanes, the Social Democrats and the Christian Democrats are today, within the governing alliance, his most outspoken opponents. But the fact underlines the extent to which Portuguese politics has evolved during the past four years.

In the opinion of his critics, and Portugal's present Prime Minister, Francisco Sa Carneiro counts himself among them.

Eanes has promised much and achieved very little. On the military front he has been unable to wrench himself free of a small clique of army officers who, from their position within the constitutional watchdog, the Council of the Revolution, have been unwilling to allow the civilians to get on with the job of governing.

Eanes has revealed himself as a thick-skulled soldier lacking the intellect necessary to deal with the intricacies of a modern democratic State. In short, it is said, Eanes in his dual capacity as Chief of the Armed Forces and President of the Republic is a huge mistake. He has contributed to Portugal's political instability and left the outside world with the unedifying spectacle of constantly changing governments and financial collapse.

In the opinion of his defenders, however, Eanes has been a kind of *deus ex machina*, the ever-present stable factor when ever crisis has loomed. They blame the political failures of the past not on the Chief of State but on the quarrelsome nature of the politicians.

Eanes's ultimate gift has been his patience. The country's constitution gives the President sweeping powers; he can dismiss the Prime Minister, dissolve Parliament or declare a state of siege. He used the first two only when all else had failed and opted for an early election last year rather than the assumption of greater personal power.

On the military front he has kept his word by purging the armed forces of such potential coup mongers as Major Otelo de Carvalho on the Left and



Eanes: own clear ideas

General Spínola on the Right. A common thread does, however, run through everything that is said about Eanes: an awareness that the one time major is a central figure in the present political situation.

By choosing to oppose him, the present Government is taking a major gamble. It hopes that to the next few months it can find an individual capable of commanding the same wide support among the civilian population and within the military that Eanes did in 1976.

The Government is up against a curious paradox. While the Democratic Alliance, won a sweeping general election in December, recent opinion polls suggest that Eanes still commands widespread support as President.

Meanwhile the General himself has decided to keep every one guessing as to whether he will stand as a candidate. Today, to a greater extent than at any stage since the Revolution, Portuguese politics is marking time, waiting for Eanes.

Jimmy Burns

### Cavaco Silva

**WHEN PORTUGAL'S** Francisco Sa Carneiro swept his Democratic Alliance to power in December he promised nothing less than radical change, and probably nothing has demonstrated this better than the actions of the new Finance Minister, 40-year-old Sr. Aníbal Cavaco Silva.

His package of anti-inflation measures included a 5 per cent revaluation of the escudo, a dramatic break with the exchange rate policy pursued by his predecessors. At the same time Sr. Cavaco Silva has drawn up crucial legislation opening up key sectors of the economy such as banking and insurance to the private sector for the first time since the 1974 Revolution.

In his first speech to Parliament, Sr. Cavaco Silva said: "This Government accepts the challenge of expanding the economy and reducing inflation," and followed this up by contradicting the forecasts made by the OECD a few months earlier.

#### Brilliant thesis

All this would appear too much of a gamble for someone with an previous Ministerial experience. But Sr. Cavaco Silva's own self-education distills from his undoubted technical qualifications which make him among the few real economists "brain" in Portugal.

Graduating with a reportedly brilliant thesis from York University, England, Sr. Cavaco Silva went on to teach at the economics faculty of Lisbon University, a post he held until his early incorporation into the Bank of Portugal.

There he gained a unique insight into the workings of successive Finance Ministers.

He was subsequently appointed head of the bank's statistics department. As such he became an important figure in Portugal's negotiations with the International Monetary Fund which lasted on and off between 1977 and 1979.

In a sense, Sr. Cavaco Silva's economic programme is a natural consequence of the past two years during which Portugal's current account deficit has been reduced to a manageable 850m. The Minister has therefore considerably more room to manoeuvre than any of his predecessors since the 1974 Revolution.

In this stormy election year, his critics are already suspecting that he may use his mastery of statistics for a great deal of window dressing between now and next October. Sr. Cavaco Silva has promised the contrary and appears convinced that he can achieve his targets without resorting to trickery.

Jimmy Burns

### Francisco Sa Carneiro

**THE MOST** distinctive feature of Portuguese bullfighting is that the bull is literally taken by the horns and subdued. The Prime Minister, Sr. Francisco Sa Carneiro, seems to employ this technique too. During his first two and a-half months in office he has shown a remarkable willingness to confront issues head on.

The same was true of his electoral campaign last September. This is something refreshingly new in Portuguese politics but it has also raised eyebrows among those who fear that the scars of the Revolution are only healing, not healed.

At present, Sr. Sa Carneiro is acting with the confidence of someone whose judgment has been vindicated by the election result. In which the Centre-Right coalition, Aliança Democrática, obtained a majority of the parliamentary seats, was very much his victory. He calculated the coalition would attract voters by offering an unambiguous platform that was a clear alternative to the Left.

Thus he promised to liberalise the economy, reduce state intervention, alter the constitution, curb the role of the military, and change the labour laws. He also promised stability. A combination of an end to chronic government instability and his clear-cut alternatives were undoubtedly the carrots which brought voters over to his coalition.

But it is worth underlining that even some of his close supporters doubted whether he would have sufficient impact. The fact that he never heeded such doubts reveals an important element in his character. Once he has made up his mind, he is not easily swayed.

This partly reflects his own inner conviction in the correctness of his policies; it also reflects a strong stubborn streak. His opponents also believe that this stubbornness is part and parcel of a certain arrogance. Certainly the Prime Minister is a complex person. Despite a clear ambition to get to the position he now holds, Sr. Sa Carneiro is not one who appears

to enjoy dealing with crowds.

Sr. Carneiro was born in the northern city of Oporto in 1934. He has a fairly typical bourgeois background of a family living in the two big cities of Portugal. He studied law at Lisbon University and subsequently developed a successful corporate practice. His political ambitions led him to be a deputy in the Salazar Parliament, but he was frequently at odds with the authorities on the need for greater liberalisation.

He was careful to retain a distance from the Caetano Government and earned his credentials as a Democrat both by demanding an inquiry into the activities of the unpopular security services and by calling for greater Press freedom. Eventually he resigned from Parliament in 1973, claiming he was unable to fulfil the role of an MP.

#### Consistent

His critics claim this was a cynical gesture to ensure he was politically untainted in the impending shake-up of the old order. His supporters say the gesture was thoroughly consistent with his integrity as a Democrat.

After the Revolution, Sr. Sa Carneiro emerged as one of the leading civilian political figures. But it was not really until the Communist influence waned and Ramalho Eanes was elected President that he began to move to the forefront of the political scene with his Social Democrat Party (PSD).

Ironically he was the first person to throw his weight behind the candidature of President Eanes: now the two men are confronting each other over the respective roles of the Prime Minister and the President.

The relationship between these two men is going to be the single most important political consideration over the next six months. Sr. Sa Carneiro feels very strongly that the job of the Government is to govern and of the President to preside



Sa Carneiro: confidence

—and not to take sides. Sr. Sa Carneiro also believes that this is what his mandate was from the electorate. Here he has taken the bull firmly by the horns.

Ideologically, Sr. Sa Carneiro falls into no easy straight-jacket. His PSD party has oscillated between support for

the Socialist Party and now its alliance with the right wing Conservative Christian Democrats and Monarchists. He resigned from the leadership in 1978 over criticism of his tight personal control of the party.

His guiding principles seem close to a sort of Thatcherite Toryism. He is blunt and says what he means, hence his quick implementation of parts of his electoral platform has caught a torpid political class by surprise. He has also shown a certain amount of courage—some would call it brazenness—in a Catholic country by not hesitating to appear in public with his Danish-born girlfriend.

In the country as a whole he is establishing the image of a leader—no small achievement since he effectively campaigned as *primus inter pares* among the Aliança Coalition members during the election. But he has to do this if he is to be re-elected in October. His behaviour suggests that he believes he will.

Robert Graham

### Jorge Sampaio

**THE GREAT** question about the future of the Portuguese Socialist Party is: who will succeed Mario Soares as leader. The ex-Premier lost two elections last December—parliamentary and municipal—and if the Socialists lose again in the autumn, he will probably be made the scapegoat for all the failures of the past at a special party congress.

Jorge Sampaio, a 40-year-old lawyer, has made a meteoric rise in the party since joining in 1978. He is one of those rare creatures on the Portuguese Left: who emerged with a clean record from the political infighting of the 1974-1975 revolutionary period.

A fiery student leader who managed to beat the Caetano system before the 1974 Revolution, he had established himself as a successful lawyer by the time the dictatorship was overthrown.

Sampaio and some fellow-thinkers deeply influenced by the events of May 1968, in France, launched the Movement of the Socialist Left (MES).

Within months, it was taken over by pro-Communists and he and his friends quit.

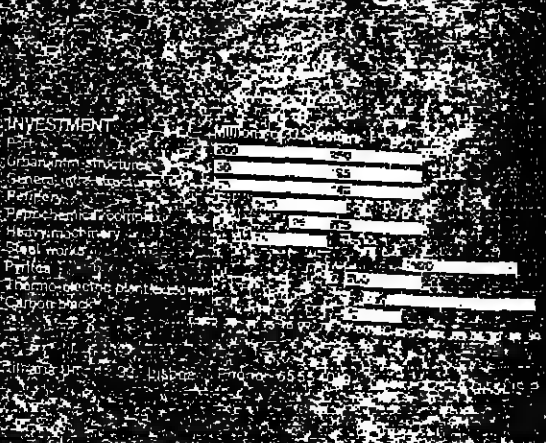
He went back to his law practice, but he and his ex-MES friends were acting as a kind of non-party left wing brains trust in what was known as the Socialist Intervention Group (GIS). He joined the Socialists when their Government was in its death throes and was seized on as a saviour.

Sampaio is above all a pragmatic revolutionary. He has a healthy respect for power because it helps put ideals into practice. He appeals to intellectuals, but knows it is dangerous to frighten the middle classes.

His career shows he knows how to bide his time, a rare quality among Portugal's volatile politicians. His English education and his political culture make him one of the few Portuguese Socialists capable of projecting himself internationally. He is already a parliamentary deputy and a member of the party's ruling Secretariat.

Our Own Correspondent

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## PORTUGAL VII

## Shipbuilding depends on State support

THE TENDENCY of Portugal's industry in the past to allocate its scarce capital investment funds to sectors doomed by world crisis is perhaps nowhere better illustrated than in shipbuilding. In 1974, for example, just as the oil crisis broke and 19 days before Portugal's own revolution, the Government sank an estimated Esc 5bn in a shipyard designed for supertankers.

Since then a combination of falling orders and increasing costs—between 1974 and 1977 the workforce of Setenave, Portugal's main shipbuilders, increased from 1,400 to 6,200—has meant that the sector has been kept alive by State support. Figures recently released by the Finance Ministry show that in the past three years Setenave has absorbed Esc 2.7bn, or about 85 per cent of total State subsidies to industry. In addition, Setenave has received Esc 640m in straight cash grants from the Government.

Portugal's revolutionary legacy has meant that, in contrast to other European countries, successive governments have been unwilling to accommodate this drain on central government resources with corresponding rationalisation of the sector. The workforce remains the same today as when it peaked in 1977.

Although it was originally designed for building ships of up to 700,000 tonnes, Setenave has received orders for only two VLCCs since opening in 1974, one from Soponata, the Portuguese shipping company, and the other from the Liberian company Sotabell. It has tried to compensate for this by diversifying its activities into

shiprepairing and taking orders for smaller ships. The shiprepairing side has gradually picked up since 1975.

On the shipbuilding side Setenave has signed a contract for three 38,000-tonne bulk carriers for Portugal's merchant fleet. The trouble about changing to smaller scale building is that it underutilises the yard's infrastructure, particularly the heavy plate shop which was built with supertankers in mind and which now is in danger of remaining idle for long periods at a time.

Setenave has been partially successful in securing contracts that will make fuller use of its steel capacity—last year it began work on two floating docks, one for Jeddah in Saudi Arabia and the other for Brazil. Generally, though, the shipbuilding sector's finances remain weak and prospects far from certain.

Setenave's losses are blamed on the fact that the early big tanker contracts were made on the basis of fixed prices and in escudos. Because of the devaluation of the escudo since 1976 and spiralling domestic inflation Setenave now finds that orders which were originally valued at \$58m have decreased in real terms to around \$28m.

Setenave officials describe short-term prospects as "reasonably safe," claiming that the yards can work at reasonable capacity until the end of next year, by which time work on the VLCCs, the three bulk carriers and the floating docks will be complete. The sector appears, moreover, partially encouraged by signs that world shipbuilding appears to be experiencing a cyclical upturn.

For the medium term

Setenave is hoping that the Centre-Right Government might give the green light to a major re-equipment of the country's archaic merchant fleet. Portugal is a significant net importer of essential goods, the bulk of which are transported in foreign vessels at heavily inflated freight charges and a corresponding drain on the balance of payments.

The Government has given the go-ahead for the construction of a new thermal power station at Sines. This is scheduled to go on stream by the beginning of 1983, by which time Portugal will need to be importing an estimated 1m tonnes of coal per annum. But while there is optimism about a favourable decision on the fleet re-equipment, the Government's economic policy, insisting as it does on harsh cash limits in the public sector, may put severe strains on Portugal's shipbuilding sector as it struggles to survive.

## Aggressive

A question mark also hangs over the future of Setenave's shiprepairing neighbour Lisnave. The uncertain international political climate following the Soviet invasion of Afghanistan, the continuing increases in oil prices, and the prospect that both domestic and international inflationary pressures will also grow in the coming months has meant that one of Portugal's most aggressive and competitive companies—accounting for 5 per cent of Portugal's total export earnings—has decided not to make any forecast for development in 1980 and has opted instead for a policy of "consolidation and restraint until such time as the future becomes clearer."

Nevertheless, Lisnave officials admit privately that prospects are better now than they were 12 months ago when the company recorded doubled losses of Esc 564m compared to 1977. Results for 1979 show that Lisnave has gone into the black for the first time since the sector was doubly hit by the oil crisis and the revolutionary turmoil. It made a net profit of Esc 17.4m and recorded a 51 per cent increase in sales to Esc 6.9bn.

Throughout last year an impressive total of 379 ships docked at Lisnave's two main

yards, compared to 333 in 1978, and the increase in tonnage terms was even greater.

But Lisnave's improved finances have been largely brought about by an important restructuring scheme which involved the closing down of the company's loss-making shipbuilding yard, an extensive retraining scheme and a reduction in the company's 10,000-strong labour force by 1,200 people through an early retirement scheme.

At the same time Lisnave increased its capital from Esc 500m to Esc 2bn, and increased its prices by an average of 25 per cent. The company's position has also been helped by the absence of strikes last year.

Meanwhile Lisnave has been helped to weather the world recession by its continuing advantageous location for tankers on the way back from the Middle East and by a significant diversification of its activities.

One major spin-off has been Lisnave's specialised design and construction division, which in the past two years has led to the signing of an Es 2.6m contract for the design, construction, supervision and management and technical training of the Arab Shipbuilding and Repair Yard (ASRY) in Bahrain.

Lisnave has received an initial letter of intent from the Government of Cape Verde for a similar project and is taking a close look at other possible contracts in South America, Africa, and the Far East. But although subsidiary activities employ an estimated fifth of Lisnave's total workforce and make a significant contribution to the company's turnover, recovery still depends on a substantial pick-up in the yard's shiprepairing business.

Officials are preparing to increase prices again and admit that a further reduction in the work force is a possibility in the future. However, an awareness that over-pricing may backfire on Lisnave's competitive edge in what is a highly cut-throat business and that current labour legislation still keeps tabs on redundancies caution against exaggerated optimism.

Jimmy Burns



The Lisnave repair yard: an uncertain future

## Oil price rises hinder petrochemicals plan

PORTUGAL'S petrochemical industry was conceived just before the dramatic changes in oil pricing in the early 1970s and at a moment when the success of Italian petrochemicals was much in mind.

Thus it was decided to proceed with the construction of a large comprehensive complex at Sines, in Southern Portugal, designed to provide the basic feedstock for the industry and to leave a sizeable proportion of production available for export.

Unfortunately, by the time the decision came to be implemented oil prices had both risen and the cost of raw materials and exposed international over-

capacity. As a result the history of Portugal's infant petrochemical industry has hinged on the unwillingness and the ability of successive governments to accommodate Sines.

No government has really dared cancel Sines despite there being hints on several occasions that the project might be scrapped. Certainly in the past three years the guiding philosophy has been that it is best to make the most of the project.

By postponing the construction of some units, the Government has sought to lessen the financial burden. But in general terms the project is being

justified on two grounds: first that it will assist the balance of payments through import substitution and secondly that it will stimulate the development of a plastics, rubber and fibre industry. In other words, the justification is not necessarily a financial one but more economic and social.

At present the base unit, a naphtha steam cracker, is at an advanced stage of construction. Work began in 1976 and the cracker, capable of producing 300,000 tons of ethylene, is due to come on stream within the next few months, while a 41,000 tone butadiene unit should be operational later in the year.

In both cases there is likely to be no more than nine months delay on the original start-up schedule. The overall project is managed and owned by the national petrochemical company, CNP. The philosophy has been for CNP to assume responsibility for the building blocks of the industry plus the infrastructure. Thus it is investing \$450m in the current phase. Of this \$80m is absorbed by a power station, capable of supplying the entire complex as conceived in the original project. A further \$160m accounts for infrastructure work including the construction of a new port.

More downstream, CNP has sought to involve international partners both to ensure access to international markets and to ensure good technology. For these reasons CNP is teamed up on a 72/28 basis with France's CDF Chimie, building a \$200m polymers plant. This investment is via a company called EPSE, Empresa de Polimeros de Sines. It will consist of three units producing high-density polyethylene, low-density polyethylene and polypropylene, relying on the feedstock from the steam cracker.

These units are also due on stream later in the year. CNP reckons that initially there will be about 90,000 tons of ethylene available for export. Of the EPSE products there will be about 83,000 tons of polyethylenes available for export, or just under 50 per cent of initial planned production and a further 18,000 tons or one-third of polypropylene. It appears that a major part of the surplus propylene, 75,000 tons, will be bought up by the state petro-

leum concern, Petrogal.

As for EPSE, that part of production which cannot be absorbed locally will be marketed through CDF Chimie's network abroad. The difficulty of finding outlets for surplus production has been a major element in delaying the go-ahead on another part of the complex—a \$137m chlorinated compounds line. However, negotiations are almost complete on the establishment of a cross partnership with the privately-owned Spanish group, Emergia e Industrias Aragonesas, that has facilities close by on Spanish soil at Huelva.

## Advantages

Under this arrangement the shortfall in chlorine will be made up by the Huelva plant which has a surplus, while Aragonesas will buy in some of CNP's soda and salt production. To carry this out two separate companies will be formed on a 72/28 basis, being respectively Portuguese and Spanish.

The deal has advantages for both sides. For CNP it saves the need either to buy in chlorine or to build a new plant at Sines. While for Aragonesas it provides a much-needed outlet and will make use of a deep-sea vessel it owns which could exploit the short sea distance between the two plants. Eventually the two groups could co-ordinate much more closely, and this indeed is envisaged.

CNP also hopes to proceed, at a future date, with a polystyrene line which would cost another \$162m. Again here the delay has been caused by the slim domestic market and the difficulties of launching into an export-orientated venture at this stage.

The extent of the domestic market is hard to gauge. Chemicals and petrochemical imports are running at more than \$500m a year, CNP estimates that a quarter of these products are in lines that Sines will produce. Some average a good future for the small and medium-sized companies in the plastics field that the present government is pledged to stimulate. There is also hope that the expansion of the automotive industry, mainly by Renault, will provide a spin-off in the petrochemicals sector.

Robert Graham

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## PORTUGAL VIII

# Textiles boost export earnings

A KEY element in the growth of Portuguese exports has been the performance of Portuguese textiles.

Portugal's textile industry accounts for over 30 per cent of the country's total export earnings. More than 50 per cent of the industry's total output is exported and last year, Portuguese textiles exports amounted to 182,185 tonnes valued at Es. 49,1bn (£450.4m).

Just over three years ago the Portuguese textile industry was in virtual disarray. The sector employs some 300,000 people or 10 per cent of the population, but following the 1974 Revolution it was severely hit by Portugal's economic and political turmoil.

The Portuguese decolonisation of Africa in 1975 and 1976 and the subsequent disruption of trade links between the former colonies and the mainland also negatively affected Portuguese textiles. Portuguese industry developed with its empire and nowhere was this more highlighted than in the textile sector. Cotton from the colonies was processed in Portugal and sent back to Africa as finished products.

Some textile producers have yet to climb back to the production levels of the early 70s, but generally the industry has shown a remarkable recovery. The industry's optimism offers a striking contrast to the doldrums emanating from the textile producers of Northern Europe.

The competitiveness of Portuguese textiles (amply underlined by the enthusiasm of

Northern European buyers at Portugal's annual textile fair) stem largely from low wage costs which remain about a quarter of equivalent salaries elsewhere in Europe. The Portuguese also emphasise that there is a high quality and skilled industry, the largest and longest established of the emerging Mediterranean textile suppliers.

The prospect of Portugal's EEC membership offers the prospect of an even brighter future for the country's bigger and better organised textile groups. The Community already absorbs over 50 per cent of Portugal's textile exports and the rhythm would have been increased had individual member States not imposed limitations to protect their own industries.

### Little doubt

The Portuguese appear to have little doubt that all restraints will be lifted once they have joined the EEC and insist that this will benefit all sides.

Their view is that it will make more sense for the Community to rely on Portugal to supply it than to preserve parts of the industry that are no longer viable elsewhere in the Community. Portugal is much closer to the main markets of the EEC than the Far Eastern suppliers and is strong in labour intensive areas such as making up.

Nevertheless, Portugal's textile producers are aware that to a certain extent there is an artificial situation—they are

protected by high tariffs and stimulated by Government export incentives such as low interest rates—and there is a need to rationalise and restructure to face the impact of EEC membership and the increased competition which that entails.

Industry officials believe that the future of the sector lies in quality rather than quantity—that many of the smaller and archaic companies (more than 2,000 companies have fewer than 50 employees and only 3 per cent employ more than 500) will have either to disappear or

allow themselves to be amalgamated into bigger groupings.

A trend which is already under way is the co-operation of Portuguese textile producers with foreign groups in joint ventures. Demand for polyester staple, used in blends with cotton and wool, is very largely met by the Finicisa plant at Portalegre, a joint venture between Fimo, the Portuguese textile group, and ICI. Acrylic is produced in Portugal by Flispa, jointly owned by Fimil, the Portuguese textile group and the Mitsubishi group of Japan.

The advantages of joint ventures are those of higher technology and wider international outlets. The pattern is expected to be further stimulated as the Portuguese economy is increasingly liberalised and the country's textile producers are given greater access to investment capital.

Significantly, one of the major investment companies currently being formed is based in the north of Portugal and includes a number of textile producers.

Jimmy Burns



Victory in sight as the three leaders of the Democratic Alliance, Freitas do Amaral (left), Francisco Sa Carneiro and Ribeiro Telles (right) address a campaign rally in Lisbon before last December's election

## Many advantages to cars agreement

PORTUGAL'S WISH to have its underdeveloped industry fully integrated into the European productive structure has been nowhere better highlighted than in the automobile sector.

It was brought into sharp focus earlier this year when the Government signed an Es 30bn expansion programme with Renault, the French car manufacturer. The project is the largest foreign investment ever in Portugal, and the biggest industrial project to have been approved in the country since the 1974 revolution. It underlines the potential importance of Portugal in the European motor scene of the 1990s.

The main elements of the agreement are:

- Renault to step up its assembly of R4, R5 and R12 models from 10,000 units a year to 80,000 by 1987 at a reconverted plant in Setúbal, near Lisbon.

- Production of engines for the R5 to be stepped up to include the manufacture of 22,000 units by 1987 at a reconverted plant in Cacia, near Oporto. The plant will also produce gearboxes and rear axles.
- Building of a new foundry and the reversion of Renault's assembly plant in Guarda to implement the manufacture of engines and parts.

The advantages to Portuguese industry of the Renault deal are considerable. Local participation in manufacturing at the assembly plant will be increased from 20 per cent to 60 per cent and there will be an 80 per cent local content in engine production. The project thus envisages the creation of an estimated 13,000 new jobs, 7,000 of them in subsidiary industries. At the same time a large part of the expansion programme will be geared to exports—65 per cent of engine output will go overseas. Assembled cars will be mainly pitched at the domestic market, though industry officials are hopeful that Renault will integrate production with its European operations, particularly in Spain.

The project is impressive when set alongside Renault's previous operations and the state of the Portuguese motor industry as a whole.

In 1978, the last year for which full figures are available, Renault imported 7,140 com-

pletely knocked-down (CKD) units and 27 completely built up (CBU) units. Its 10,000 units assembled at its plant in Guarda employed only 400 workers. The industry as a whole has been composed of 20 assembly plants, many so small and archaic as to be totally uncompetitive on a European scale. The survival of the industry throughout the 1960s was due largely to government protection.

Under the terms of a free trade agreement signed between Portugal and the EEC in 1972 this protection was due to expire at the beginning of this year. Recognition by both the Portuguese Government and Brussels, however, that a total lifting of the quota system on CKD and CBU units would have flooded the Portuguese market and disrupted the industry as a whole led to an important renegotiation.

### Quota system

A new agreement was signed 1st November against the background of new Government legislation for the sector. This extends the quota system beyond the deadline and will have it phased out only gradually between now and 1985. Industry officials hope that this transitional period will allow the automotive sector to restructure itself adequately as Portuguese industry prepares itself for EEC membership.

By giving preferential quotas to major investments, the law will stimulate the phasing out of about a dozen unprofitable assembly plants and strengthen those which can ensure Portugal's access to new technology and markets, and increase employment as a whole.

Renault, following this year's agreement, is now virtually assured of a large chunk of the domestic market, although domestic car sales dropped by a dramatic 40 per cent in 1978 on account of the IMF stabilisation programme, and growth virtually stagnated last year. Industry officials are hoping for a pick up. The Renault agreement is based on the overall projection that domestic sales will increase from 45,000 to 60,000 by 1984, and on the assumption that the company's own share of the market will increase from 10 per cent to 30 per cent by 1987.

Renault's immediate rivals in Portugal have expressed fears

about the implications of what in effect will amount to a virtual monopoly of a fairly restricted domestic market. Nevertheless they appear still to look on Portugal as a potentially good base for their international operations. A major factor in this view is that the country still has the lowest labour costs in Europe; a Portuguese car worker earns about a fourth of his counterpart in Northern Europe.

Ford Europe has been negotiating throughout the year with Portuguese officials over the possibility of setting up a S1bn export-orientated assembly plant. Discussions have centred on the development of a site at the industrial complex of Sines. General Motors has also looked into the possibility of extending its operations in Portugal in the wake of last year's \$2bn investment in Spain and Austria. GM believes that the proximity of the Spanish Saragossa assembly plant is a favourable factor in the possible Portuguese siting of a new components unit. On all accounts the Portuguese automotive industry promises to be among the more active sectors of industry in the 1980s.

Jimmy Burns

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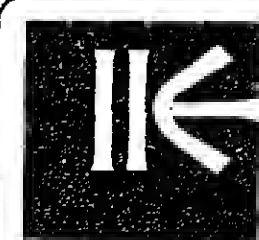
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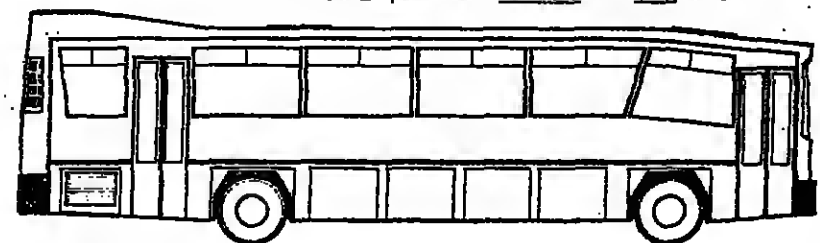
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# Radical policy changes on the way

SUGGESTIONS THAT the building society interest rate cartel could, in its present shape, be coming to the end of its useful life, foreshadow an impending revolution which promises to affect millions of house buyers and investors.

Last week's comments by Mr. Leonard Williams, chairman of the Building Societies Association, reminded the public that the societies are actively considering a package of radical policy changes. At its heart is a determination to pay fully competitive interest rates in the savings market, in return should attract sufficient funds to eliminate the mortgage queue.

The price to pay in return for readily available home loan finance will generally be more expensive mortgages. As Mr. Williams pointed out, basic mortgage interest rates of around 15 or 16 per cent would now be in force if the societies had already implemented the proposals being considered.

This new approach is unlikely to be hurried and, as yet, not all those in the building society movement are convinced of its need. But as most of its leading figures are pressing for reforms which they believe are vital to secure the industry's dominance in the private housing finance market up until the end of this century, changes look inevitable. The growing penetration of the banks into parts of the mortgage market—a reaction to the societies' inability to meet demand—has provided a pointer to what could happen if no action is taken.

The cartel, so-called even though it merely recommends rather than fixes interest rates, could be high on the list for an overhaul. The societies have always claimed that the mortgage interest rate cartel, the Building Societies Association Council—has helped contain the cost of home loans. But

opponents of the cartel argue that it has proved unresponsive to interest rate changes in the economy and created unnecessary and harmful surpluses and shortages of funds.

The impact of the cartel has in any case recently been diminished, with societies offering and charging a widening range of terms on investments and loans. And it will certainly be harder for the industry to justify and maintain its role if the policy changes now being examined take effect.

According to Mr. Williams, a new era of competition could soon see the association confining its recommendations to the ordinary savings rate, which offers little scope for major societies to be out of line, and yet provides a useful base for other rates. There would, however, be room for innovation in peripheral schemes and mortgage rates would be free to find their competitive level.

Other changes would also be necessary if the societies had to keep pace with interest rates which have become increasingly volatile. The chances are that they would have to disengage investment rates from lending rates, moving the former at short notice in line with the market but realigning the mortgage rate at less regular intervals.

## Damaging

The practice could prove costly to the societies at times, though big fluctuations in the home loan rate are generally considered to have been as damaging to the home buyer as periods of expensive finance and the societies hope that such instability can now be removed. The current struggle by building societies to minimise the inflationary effect of rising interest rates on their activities reinforces the case for a new approach.

The problems which the societies face now are not new but there is a growing feeling that the time is right for a fresh strategy. Present difficulties represent a classic, if extreme, example of the recurring crises which societies have had to face and which they now want to put permanently behind them.

The societies' ability to attract funds for mortgage lending is dictated by the interest rates they offer in the savings market. But their efforts to become fully competitive have always been curtailed by the self-imposed aim to contain mortgage costs within reasonable limits.

As a result, the industry has almost always been unable to match prevailing mortgage demand with funds, a weakness which is emphasised by the present level of interest rates in the economy.

The societies could, in several respects, claim to have become the victims of their own good intentions. Investors and borrowers might also be included in the casualty list.

Society leaders are well aware that in many other countries it is usual for rates for depositors to stand above competing long-term rates of interest, a trend which generally ensures enough finance to enable loans to be obtained on demand.

It is doubtful whether the societies could have entirely avoided the current shortage of funds because of the limited room for manoeuvre imposed by record interest rates. Mortgage queues could, however, be much shorter.

As things stand, the societies seem set to continue suffering from another of those periodic setbacks which have spoiled an impressive record of post-war achievement. In 1979, they managed to advance around £8.5bn to £715,000



Banks are encroaching more into parts of the mortgage market.

borrowers, a fall of \$7,000 in 1978.

This year, however, the latest predictions suggest that the number of loans could fall to 650,000, making it the worst year since 1975. At best, the societies could repeat the 1979 performance. The figures make even more disappointing reading when set against projections of the actual level of mortgage demand for the current 12 months, much of which seems bound to go unsatisfied.

Although demand may subsequently be affected by a wide range of factors, such as interest rate changes or house price fluctuations, it seems possible that as many as \$10,000 building society mortgages could be required in 1980 alone. Such a lending programme would imply advances of around £11.5bn and this could be pushed even higher if the societies help to finance council house sales.

Looking further ahead, some

analysts suggest that by 1985, the societies could be expected to provide as many as 940,000 home loans a year, requiring advances of around £20bn. Without major policy changes the task is seen as impossible.

With this prospect, the societies have examined the alternatives and concluded that the main answer to the problems of the next decade or more lies within their traditional marketplace, the personal savings sector.

There have been suggestions that societies cannot hope to generate sufficient funds from the personal sector to meet the challenge, with just over 20m adult investors (about half the adult population) already holding society accounts and with many people unable to contemplate saving.

Calls, therefore, for the societies to tap money from alternative sources, such as pension funds and insurance companies, have become fashion-

able and the idea is unquestionably politically attractive whenever mortgage queues make the headlines.

At the end of 1979, the Government's concern over the deteriorating mortgage situation led to the setting up of an inquiry with the major institutions and the societies to examine ways of overcoming the problem. By then, the societies had almost completed their own appraisal of the situation.

The conclusions of the Government's own inquiry—yet to be publicly disclosed—have not, however, provided grounds for believing that the answer lies in the City. Like the societies themselves, the City institutions concluded that attempts by the home loans industry to secure institutional money to supplement funds from the personal savings market would prove complicated, unnecessarily expensive and would have strictly limited success.

The feeling is that, to compete successfully in this area, the terms on which such finance could be raised would be a far less attractive alternative than raising an adequate volume of money direct from the personal investor.

As important, the institutions themselves have made it clear that they are unlikely to be eager to help out. They are not keen on the concept of direct loans to building societies and prefer to think in terms of marketable securities, offering gilt-like liquidity and yields.

So, in the face of considerable building society doubts and a lack of institutional interest, the industry is looking towards its traditional sources of finance.

Most societies in any case believe that the personal savings sector does have a great deal of money-earning mileage left in it and emphasise that not all the funds required are obtained by attracting savings customers and, despite the cost

of mortgage finance, mortgage demand is again running strongly in most parts of the country.

Surprisingly, as many first-timers as ever remain in the queue and societies claim they appear quite undaunted by the comparatively high costs involved. But if the new policy is given the go-ahead at the building societies' annual conference in May, the biggest challenge to its implementation might lie in gaining the approval of the politicians.

The interest of MPs in home loans has almost always been confined to the holding down of mortgage costs rather than ensuring that funds remain plentiful. The societies will be making their biggest effort to prove that the two are no longer compatible.

The test will come when interest rates in the economy begin to fall and societies, by sitting still, attempt to establish a situation in which they create a permanent interest rate differential over their competitors.

The pressure for societies to follow the market down will be immense and can be expected from all sides. Mrs. Thatcher's own close association with the desire for cheap home loans and her repeated pledge to help the house buyers mean that she will expect the earliest possible cut in interest rates.

Though the societies are technically free to make whatever decision they feel is best, they have in the past not had a reputation for fearless independence when it comes to such matters as interest rates. Their task will be to convince the Prime Minister and others that the new strategy could, despite some short-term unpopularity, do more to enhance the spread of home ownership than anything she and her colleagues could propose.

## Cornerstone

A leading candidate for greater development will, therefore, be terms shares, which in six years have grown from nothing to account for about 56m of investments. A more radical development, which is now being scrutinised by the societies, would be the introduction of marketable term shares or large denomination certificates of deposit.

But while the potential for these adjuncts to a new competitive interest rate policy may remain in doubt, it seems the societies are now merely waiting for the appropriate moment to put the cornerstone of their competitive policy to the test.

Recent events have certainly encouraged the societies to believe that the prospect of "realistic" interest rates will prove acceptable to the general public. Certainly, there would be no complaints from investing customers and, despite the cost

## Letters to the Editor

### Attitudes to unions

From the General Secretary, International Metalworkers' Federation

Sir—I am not British but I have held trade union office for 40 years and your editorial (March 20) on the weakness of the unions seems to me to have got it woefully wrong.

You ignore two key issues in your analysis of why British union officials find themselves at odds with their rank and file. In the period 1869-1974, and since May 1979 British unions had to adopt defensive measures to protect themselves from political interference aimed at severely weakening their position in society.

The only way any union, in any country can protect itself against direct political onslaught from a Mr. Heath or a Mr. Prior is by mass rank and file action. And the rank and file once thus raised becomes more difficult to please.

In the period after 1974 when there were moves to introduce industrial democracy—measures that would have resulted in a greater sense of partnership in British industry—these were fiercely opposed by employers and other conservative elements in your society.

The result again has been to weaken the authority of the unions since anyone left in the cold outside the rooms where real decisions are taken is less likely to accept responsibility for persuading the membership that caution should prevail in this or that aspect of future collective bargaining in order to protect the future economic health of the enterprise, industry, region or country.

In short, an action programme from politicians and employers that has preferred confrontation to co-operation, curbing so-called union power, (I am sure that Mr. Jackson of the Postal Workers must have a wry smile on his face as he reads about how powerful union general secretaries are meant to be) instead of sharing the real power exercised by management has produced the response from the union membership that you find so perplexing.

Sadly it would appear in 1980 that Mrs. Thatcher's Government and the CBI have learnt nothing, nor have they forgotten much. Herman Rebhan, International Metalworkers' Federation, Route des Acaziers 54 bis, Case postale 325, CH-1287, Geneva.

### Non-productive customs

From Mr. J. Holland  
Sir—Once more we are told that more Inland Revenue and Customs and Excise staff are needed to combat the evasion which is stated, without proof, to be taking place. Do we? What about the 6,000 or so people already employed by Customs and Excise on totally non-productive work. Each time goods or services are sold by one registered business to another the VAT is paid and accounted for by the business. Simultaneously the VAT is reclaimed by the business. The VAT is not tax, just as it would be if no tax was charged on the transaction in the first place.

### Casinos in the provinces

From Mr. R. Fraser

Sir—in your issue of March 15, you carried a report on the redundancies at Ladbroke casinos and an article on the troubles in London casinos. In the UK there is a body of expertise on the establishment, administration and day-to-day operation of casinos which did not exist 20 years ago, and it is always a pity when specialist skills are allowed to wither.

When the chairman of the Gaming Board says "We want more powers" we can assume that experience has shown the Gaming Board the full range of constraints which are necessary to make casino operations properly controllable within the framework of the law.

Whether we like it or not casinos have become a part of the infrastructure of tourism which is one of our most important service industries. It will be wasteful if the accumulated experience cannot be applied more widely for the benefit of the community. No one would blame the Home Secretary or the Secretary of State for Trade for thinking that casinos had caused enough trouble already without compounding the problems.

Some of the spas on the Continent which have survived to regain their prosperity as centres for relaxation and recreation are the homes of provincial casinos. Doubtless other factors played a part but the superficial comparison is encouraging.

There are British spas in areas which have little chance of attracting manufacturing industries and whose main hope is attracting service industries. The British Tourist Authority, among others, has worked for years on the problem of rejuvenating resorts. A detailed study of three spa towns was produced for European Heritage Year which showed that these

towns have fine but underused buildings in the ownership of the municipality. In some cases the rooms, assembly rooms, pump rooms, etc. are of architectural merit but in danger of decay. Despite extensive work no solution could be found because there is no means of attracting private capital. The municipal casino might be seen as a device for stimulating further investment.

Many problems stand in the way of a solution, not least of which would be finding trustees to act as a local board with delegated powers from the Gaming Board and a duty to hold 100 per cent of the equity on behalf of the local authority, but surely some time can be found to tackle the problem before all the babies go out with the bathwater and the pump rooms fall down.

Roderick W. B. Fraser, 15, Westbourne Terrace, W.2.

### No painless operation

From Mr. J. Hobbs,

Sir—in all fairness, it should be pointed out that the present Government is not responsible for the inflation which is the cumulative result of previous Governments' actions. Even as a surgical case cannot expect to have a painless operation and play football the next day, so the country will have to suffer the financial knife (if the Government wells it) if it wants to be well in a couple of years' time. John H. Hobbs, 26 Boulevard des Moulins, MC Monte-Carlo.

### Private rented housing

From the Press Officer, Small Landlords Association

Sir—Labour's promise (March 19) to repeal the proposed short-hold tenures and give the tenants indefinite security is not so much a promise as a threat.

The myths and distortions about the private landlord can now be seen in true perspective. It is not relaxing control that causes an acceleration in the decline of the private rented sector. It is the constant threats of the Labour Party to reimpose control on the private landlord. It did it in 1965 and 1974. Now it is threatening to do it again.

Labour's policy is to utilise the impossible conditions and prices imposed by the Rent Acts to drive the private landlord out of existence and take over his property on expropriation terms. So much for the compassionate and caring Labour Party; so much for using the housing stock to the best advantage in the national interest; so much for the interests of would-be tenants unable to find accommodation. The national interest, the interests of would-be tenants and the fate of the private landlord are being determined by a farcical, postured, ding-dong of politics.

The time has come for rational analysis based on the realities and practicalities of meeting the demand for rented accommodation. G. F. Cutting, c/o 7, Rosedale Avenue, Streatham, SW16.

### Short-hold tenancies

From Mr. H. Darling,

Sir—I was saddened to see (March 19) a Gerald Kaufman pleading that a future Labour Government would repeal the short-hold tenancy provisions in the Housing Bill. I presume he wants to help tenants. If so, what help is it to give security of tenure to a tenant if the tenant cannot find a place to rent?

A constructive debate about rented housing must recognise three distinct market sectors: permanent unfurnished homes provided on a subsidised basis by non-commercial entities (local authorities, housing associations, etc.); permanent unfurnished homes provided on a commercial basis by commercial concerns. This is a fast-dying sector for well-known reasons; and temporary furnished homes—this being the sector where short-hold tenancies are needed.

The administration required for short leases of furnished homes makes it a practical possibility only for the small landlord, typically an individual who is prepared to do a lot of the work himself and not cost in his time. The 1974 Rent Act has meant he can only let without giving security of tenure in very restricted circumstances, holiday letting and the resident landlord's exemption being the main ones. A property that is let with security of tenure is worth roughly half its value vacant. So no private landlord can afford to create a new tenancy and give away security. The result of the 1974 Rent Act was obvious. The stock of tem-

### Inventory control

From Mr. P. Oldfield,

Sir—I read with interest the letter from Mr. L. K. Tunc (March 18) in which he propounds the necessity and benefits of professional and effective purchasing functions—how right he is. I would say, however, that effective purchasing is one part only of a practice and skill which is much underrated in the UK, but which is a vital sector of any company's performance and profitability, and this is inventory management. The financing necessary for procurement, the cost of stock held, the overhead costs of banding and storage are all points which are often extolled in a superficial way. But how many companies, manufacturing or service really pay more than a lip-service to the management of inventory? How many companies under-

### Encourage the entrepreneur

From Dr. G. Ray,

Sir—Mrs. Thatcher's recent reception for entrepreneurs and subsequent discussion has demonstrated some confusion on this subject. There seems to be a tendency among contributors to identify entrepreneurship with small firms and a lack of this quality with mature large firms.

Yet it is quite clear from the Bolton committee of inquiry that many small firms value independence above all and consequently deliberately avoid risks if that independence is threatened. The exception is the entrepreneur in the small rapid growth firm and it is in this type of enterprise that we have some prospect of increasing employment, and not in small firms generally. Research, recently completed for the Social Science Research Council, shows that the financing and financial control characteristics of small rapid growth firms are quite different to those of non-growth small firms. In dealing with unemployment we should be concentrating more attention and resources on how to identify, develop and encourage the entrepreneur in rapid growth firms at a very early stage in their growth and also on how to develop entrepreneurial cells in large firms. (Dr.) Graham H. Ray, (Senior Lecturer in Finance and Accounting), University of Bath, Claverton Down, Bath.

### Today's Events

GENERAL  
UK: Enthronement of the Archbishop of Canterbury.

Speakers at Institute of Directors' convention in London on "Prosperity or Poverty?—The Last Chance for Choice" include Mr. John Nott, Trade Secretary, Sheikh Yamani, Saudi Arabian Petroleum Minister, and Mr. Kingman Brewster, U.S. Ambassador.

General secretaries of nine Civil Service unions discuss pay negotiations. Overseas: European Parliament in special session, Strasbourg.

### COMPANY MEETINGS

Ashdown Inv. Tst. 120 Cheap-side, EC, 3. Glass Glover, Connaught Rooms, Gt. Queen St., WC, 12. J. and H. B. Jackson, Hotel Lefevre, Coventry 3. Lincoff and Kilgour, 116 Pall Mall, SW, 12.30. Meggit, East Cliff Court Hotel, Bournemouth, 12.30. Meldrum Inv. Tst., 2 St. Mary Axe, EC, 11.30. Pearsurama, Churchill Hotel, Portman Square, W, 12. Updown Inv. Tst., 12 Tokentown Yard, EC, 12.30. Vantage Secs, 7 Lincoln's Inn Fields, WC, 12.15. Whitworth and Mitchell Textoria, 61 Southgate Street, Leicester, 12. Wrexham and East Denbighshire Water, 20 High Street, Wrexham, 2.

### Parliamentary Business

House of Commons: Transport Bill, remaining stages. National Heritage Bill, consideration of Lords amendments. Motion on HMSO Trading Fund Order.

Select Committee: Transport. Subject: European Commission's Green Paper on transport infrastructure. Witnesses: Department of Transport, Room 6, 4 pm.

### OFFICIAL STATISTICS

Unemployment (March—provisional). Unfilled vacancies (March—provisional). Bricks and cement production (February).

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## Wm. Collins £0.3m loss —no dividend for year

A SECOND-HALF profits, albeit much lower at £273,000 against £2.11m at William Collins and Sons, was not enough to offset the setback in the first six months, and for the whole of 1979 the group incurred a pre-tax loss of £253,000 compared with a £3.35m profit.

No dividend is being paid for the period, against 5.8p net previously.

Trading conditions continue to be difficult, the directors state, but they are confident the action taken to reduce costs, eliminate losses and to bring inventory under tighter control, has put the group in a position to achieve improved results in 1980.

Pre-tax loss included an exceptional credit of £48,000—exceptional gains of £1.6m from the sale and leaseback of freehold properties, were almost entirely offset by exceptional costs for the year of £3.12m. These included £1.48m redundancy costs—some 550 jobs were lost, £639,000 in closing the non-profitable UK publishing activities and the discontinuation of certain Australian agencies. And they included £1m provision against anticipated cost of closing the loss-making U.S. subsidiary in 1980, following the sale of the dictionary, Bible and children's publishing divisions of that company.

### HIGHLIGHTS

On a fairly thin day for corporate news Lex casts an eye over a variety of statistics—the retail sales figures for February show a fairly buoyant trend and the national income and expenditure figures for 1979 are reviewed. On the companies' front William Collins' full year figures are still in the red although the second half saw a small pre-tax profit and the balance sheet has not deteriorated. Lex also looks at Paterson Zochonis where the Nigerian operation has made a good recovery which should allow the company to post profits ahead of last year. On the inside pages some impressive figures are released by Beazer and BCA is on line for another good profits rise. W. Canning has come through in the second half to leave the year ahead by 37 per cent pre-tax and Hawley Leisure produces profits of over £1m.

	1978	1979
Turnover	65,098	60,631
Profit	3,223	5,325
Operating profit	1,214	1,128
Interest paid	2,557	1,882
Associates' share	238	401
Exceptional credit	48	—
Loss before tax	256	-3,345
Tax credit	226	-1,770
Waking loss	30	-2,770
Dividends	—	715
Retained loss	—	-2,055

Loss per 25p share is given as 0.2p against earnings of 20.1p. Group borrowings were contained during the year, only slightly above that of 1978, but by the year-end were down £1.8m at £14.6m.

The directors say that 1979 was an exceptionally difficult year for the book industry. All the UK publishing divisions were affected with lower unit volumes, and high-stock write-offs. Reduced volume and high industry waste awards affected the manufacturing sector where there was an adverse movement of £1.1m. See Lex

## Paterson Zochonis falls behind, but optimistic

A FALL in pre-tax profits from £9.43m to £8.93m is reported by Paterson Zochonis and Co., for the half-year to November 30, 1979.

The lower profits of this merchant and toilet requisites manufacturer, are in line with the chairman's forecast at the year-end, but he says the recent indications confirm that the full-time results, subject to unforeseen circumstances, will certainly not be less than those of last year.

	1978	1979
Third party sales	10,034	10,737
Trading profit	1,255	1,048
Interest payable	2,424	2,028
Investment income	853	565
Operating profit	7,180	8,286
Exchange loss	345	204
Associated profits	2,091	1,349
Profit before tax	8,925	9,431
Taxation	4,944	5,014
Minority	141	156
Attributable	4,098	4,257
Ordinary	588	422

Group sales to third parties were down from £118.97m to

### DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre- Total Total	div. year	last year
C. H. Beazer	2.25	May 19	1.9	5.6	3.9
W. Canning	2.25	May 23	2.25	3.88	3.9
Chambers and Fergus	0.35	May 23	0.25	0.75	0.75
Wm. Collins	Nil	May 23	3.1	5.18	5.18
Hawley Leisure	0.5	July 1	0.05	0.8	0.1
G. F. Lovell	5	May 23	Nil	8	—
Paterson Zochonis	1.8	May 1	1.32	3.24	3.24
Queens Moat Houses	0.38	May 15	0.27	0.75	0.52
H. and J. Quick	1.23	—	0.95	2.39	1.83
Scottish Cities Inv. Int.	4	April 14	4	—	10
Wiggins Construct. Int.	0.95	April 28	0.83	—	1.9

Dividends shown pence per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

The interim dividend is raised from 3.3p to 3.6p—last year's total was 9p from pre-tax profits of £16.79m. Stated earnings per 10p share are down from 25.98p to 24.98p.

See Lex

## C. H. Beazer profits trebled to £1.58m at interim stage

INCLUDING SOME £700,000 profits from the sale of surplus assets, the taxable surplus of C. H. Beazer (Housing) Ltd. for the half year ended December 31, 1979.

In anticipation of generally more difficult conditions, the directors have taken the appropriate steps—group assets have been sold, and the company will improve significantly and profits for the full year will be substantially in excess of the £2.11m for 1978-79, they state.

Surplus assets were acquired with the purchase of R. M. Smith group, and directors say a smaller profit from these will be included in second-half results, which will virtually complete the realisation of the remaining assets.

Six months turnover expanded to £1.61m (£1.37m) and the interim dividend is increased to 2.2p (1.9p) net per 10p share—dividend valuers are on £303,675 shares—last year's final being 3.7p.

Tax takes £363,000 (£52,000) after assuming certain benefits under stock relief provisions, leaving a net profit ahead from £1.61m to £1.22m.

Private residential building profits have again increased, and the figures have been reinforced by an initial contribution from R. M. Smith, directors state.

Forward sales position is currently good, and this year's house-building should again be satisfactory, they say.

The group is giving increasing emphasis to its specialist activities, namely plant hire, roofing and waste disposal services, and both turnover and profit continue to expand in these areas.

At this stage, however, directors find it difficult to judge the outcome for the current year, in view of the uncertain conditions in the industries in which the specialist activities operate.

comment

Following Comben's showing last week, Beazer is another house-building group to produce rather respectable figures at a time when construction is supposed to be in a slump. The reason would appear to be that the ripple effect of recession may be felt later this year, but not just yet. Beazer's pre-tax profits are still 63.7 per cent ahead, after stripping out £700,000 on the sale of surplus

assets from Smith. After further deducting £150,000 for the first time six-month contribution from Smith, the pre-tax rise falls to 40 per cent. The earnings growth came mainly from a 25-30 per cent rise in house prices last year and from a 20 per cent profit improvement in the group's plant hire and waste disposal services, pushed forward by new stands at 3,500 plots, which will probably be rationalised in the next couple of years. For the year Beazer could achieve around £3m pre-tax (including exceptional), which suggest a fully taxed p/e of 3.4. The interim is up almost 16 per cent and a full year net total of, say, 6.2p, points to a prospective yield of 13.3 per cent at 69p, up 1p.

about 5 per cent of the total ordinary capital but the Swedish parent has no immediate plans to issue any equity in this country.

comment

The weather was kind to British Car Auctions last year and the group has capitalised on its good fortune, with a 42 per cent increase in pre-tax profits. The car auction side, which accounted for some 55 per cent of profits, also benefited from firm prices for small cars and business remains good in the current market. The other operations, Coin Machine Sales and Readygas, made up for any

Mr. A. J. Mucklow, the chairman, says high interest rates will remain an impending factor, both directly on the cost of the group's borrowings and indirectly, on the tempo of demand levels. But he is optimistic about prospects for the second half.

The interim dividend is 1.6p (1.3p). For the last full year the figure was 3.2p. Earnings per 25p share are 5.16p (3.68p).

Turnover was ahead at £3.3m compared with £2.7m last time and a full year figure of £5.5m. Mr. Mucklow says new lettings advanced at a satisfactory level, particularly on small factory units.

The after tax profits of £1.4m was reached after a charge of £340,000. In the same period last time a higher tax charge of £460,000 left an after tax profit of £977,000.

Capital spending is planned to reach £13m this year, £4m of which will go to the modernisation of the domestic appliance plants at Luton and Aylesbury. Turnover is budgeted to increase by a fifth although the expansion of pre-tax profits will only amount to 10 per cent.

Mr. Redman says that UK turnover now accounts for about 10 per cent of total sales and profits from Britain contribute some 15 per cent of overall profits. UK shareholders hold

£104.61m and profit from trading was £10.06m against £10.79m. There was an exchange loss of £346,000 (£204,000). After tax lower at £456m (£502m), attributable profit was £4,098m (£4,257m).

comment

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## BCA climbs 40% to £1.1m midway

PRE-TAX PROFITS of British Car Auctions Group improved by over 40 per cent from £785,000 to £1.12m in the six months to January 31, 1980. Gross proceeds from auctions climbed from £61.21m to £74.75m and commissions earned £3.28m against £2.62m. Other sales brought in £3.67m (£2.85m).

After expressing dissatisfaction with last year's results, Mr. D. A. Wickins, the chairman, says the figures for the first six months of this year reflect not only the natural growth and profitability of the group's main business, motor auctions; but also the growth and increasing profitability of other subsidiaries, especially Readygas, McAlister Caravan Sales and Coin Machine Sales.

He says that, from present indications, he has reason to believe the results for the year will prove to be satisfactory.

The board proposes to reduce the imbalance between the interim and final dividends and anticipates that an interim of 1.25p (0.67p) will be declared in June, and payable on July 31. It is intended that the final dividend for the year, which it is hoped will be not less than 1.9p, will be paid on January 31, 1981, and these dates will apply for the payment of future dividends.

After tax of £849,000 against £455,000 and minorities £45,000 (£30,000), profit attributable is £824,000 against £300,000.

comment

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comment

lackness in the winter caravan market. Over the full year, the disposal of the catering and antique furniture companies will flatter the figures. Last year they lost £325,000, mostly in the second half. So long as the used car market holds up, BCA should make around £2.4m this year putting the shares, at 69p, on a multiple of around 8.5 times fully taxed earnings. A 2.2p final would produce a yield of 7.4 per cent.

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## Contractual problem still with Wiggins, but first half higher

A CONTINUED healthy demand for residential development has resulted in pre-tax profits of Wiggins Construct, the Essex contractor and developer of estates, increasing from £181,000 to £213,000 in the six months to September 30, 1979. Turnover was up from £12.32m to £17.1m.

The board says the results are before any provision which might be necessary relating to a major contract which has been running for some years and is not completed. Negotiations are under way with the client against a substantial claim has been made.

Losses on this contract for the period is about £600,000, but the board is confident that the final recovery under its claim will substantially exceed this figure. Accordingly, no provision is made.

The group's principal activity remains residential development, serviced land held ready for development has a value well in excess of cost. The building of the second major activity, housing, is well advanced and is making a satisfactory contribution, except for the major contract referred to.

The motor garage section continues to trade profitably, and the newly acquired Scandinavian Homes is making a significant contribution.

Tax charged during the first six months rose from £35,000 to

£59,000, and minorities' took £40,000 (£11,000). The interim dividend is raised from 0.825p to 0.95p—last year's total was 1.9p from pre-tax profits of £333,000.

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During the year capital employed increased from £1.48m to £1.67m. New plant was purchased to the value of £216,136. A short-term loan of £30,000 was withdrawn to help finance increased stocks of £182,462.

The policy over the years has been to spend considerable sums of



# Cautious Bougainville, hopeful Hamersley

BY KENNETH MARSTON, MINING EDITOR

A TINGE of caution colours the annual statement of Mr. D. C. Vernon, chairman of the Rio Tinto-Zinc group's Bougainville copper and gold open-pit mine in Papua New Guinea. Last year net earnings advanced to K\$8.9m (US\$4.5m) from K\$4.8m, but in real terms were still considered inadequate against the high level of inflation.

They were boosted by the better metal prices, notably of gold which at its enhanced level is now regarded as a joint product with copper rather than only a by-product. Output of the precious metal contained in concentrates last year amounted to 19.7 metric tonnes—the same as last year's output of Bougainville's silver output was 44.6 tonnes while that of copper totalled 170,788 tonnes, oversubsidising the 111,014 tonnes produced by the group's Palabora copper mine in South Africa. But the Papua New Guinea mine's total metal production fell from that of 1978 in line with declining ore grades, while costs continued to rise, especially in respect of oil.

Even so, Bougainville's gross profits moved into the area of the country's additional profits tax and if metal prices stay at around current levels, earnings should show further growth in the current year, despite the declining ore grades. On the latter score, means of increasing production capacity are being considered in order to minimise the effect of lower ore grades on metal output. And Mr. Vernon is concerned that his company is not allowed to explore for new ore bodies beyond its special mining lease. However, existing ore reserves at end-1979 were put at some 69m tonnes after the mining of 38m tonnes during the year.

Shareholders, who will receive a total dividend of 40 cents (26.1p) for 1979, against only 15 cents for 1978, plus a two-for-one scrip issue have no cause for concern at the current year's prospects. As already reported, the 50 tons shares are to be consolidated into shares of 1 kina (100 tons) after the scrip issue. This will mean that every two shares of 50 tons now held will become three shares of one kina. The existing shares were 168p yesterday.

The RTZ group's Hamersley iron ore operation in western Australia has also issued its 1979 annual report and chairman's statement. In this case there is a different story with the past year's earnings down to A\$30.9m (US\$14.5m) from A\$34.5m, mainly because of a lower steel price.

But a better year could be ahead providing, as always, there is relative industrial peace in this notoriously troubled area. The Hamersley chairman, Mr. Gus Madison, says the "major side matters look better than a marked improvement in the lost" following the earlier

strike. He also anticipates better prices for iron ore this year in line with the improved economic outlook for the steel industry and, looking further ahead, he points to the potential of the completed expansion in Hamersley's iron ore production capacity to 46m tonnes a year. Hamersley shares were 175p yesterday.

## Falconbridge: more capacity on stream

FALCONBRIDGE NICKEL, the second largest of the major Canadian producers, is continuing to bring more capacity on stream, although it is uncertain whether the accelerated growth of demand seen in 1979 will be sustained this year, reports John Sogomich from Toronto.

But the current balance between supply and demand is encouraging, according to Mr. Marshall Cooper, the president. Falconbridge had record net profits last year of C\$130.6m (US\$71m) as stocks were run down to normal operating levels. There were periods when demand exceeded supply, but most production continued to operate at low capacity.

The group had two mines operating at full capacity, brought back to production three more and readied a second roaster electric furnace line at the smelter for operation. Another mine is due to come on production and yet another in 1981.

The reopening of the mines has enabled increased exploration for new orebodies. Proven and probable reserves held by the group at Sudbury, Ontario, at the end of 1979 were 75.5m tons, grading 1.47 per cent nickel and 0.8 per cent copper.

## EARNINGS RISE AT HOLLINGER

Hollinger Argo, the reorganised successor to Hollinger Mines, earned a net profit of C\$21.3m (US\$4.6m) last year compared with C\$13m in 1978. In addition there was an extraordinary gain of C\$85.6m on the sale of investments—this would have included the disposal of a 7.5 per cent stake in Noranda Mines to Labrador Mining.

Labrador Mining is a subsidiary and its accounts are consolidated in those of Hollinger. The same is the case for Hollinger North Shore Exploration and since last June, Argus Corporation.

Hollinger's revenue from royalties on iron ore, interest, dividends and other income climbed to C\$65m from C\$36.2m. The

rise reflected increased production and higher prices at Iron Ore Company of Canada, which in 1978 was closed for a four-month strike.

Labrador Mining had 1979 profits of C\$22.4m against C\$12.5m in 1978. It had gains on investments sales of C\$46m, compared with C\$1.4m the previous year. The group is controlled by the Conrad Black interests of Toronto. Through Argus Corporation, Hollinger Argus has a stake in major concerns like Massey-Ferguson.

## Foskor studies new mine

THE South African Phosphate Development Corporation (Foskor) is studying the feasibility of opening a new open-pit mine next to its present workings near Phalaborwa in the north-eastern Transvaal, reports Bernard Simon from Johannesburg. The mine would more than double production of phosphate concentrates from the current 3.5m tonnes a year to 8m tonnes. The additional output would be mainly for export. A final decision on the project will, however, not be taken until 1982, and completion will not be before 1985.

Foskor, a subsidiary of the State-owned Industrial Development Corporation, is at present building a pilot plant to test a new dry process for the recovery of concentrates. The company already operates the largest phosphate flotation plant in the world. Foskor is currently expanding output from last year's 2.9m tonnes to around 3.5m tonnes at a cost of R23m (US\$10m). A 10 per cent drop in domestic consumption of concentrates in the year to June 1979 was more than made up by a 39 per cent increase in sales to South Africa's two phosphate acid exporters, Fedis and Frimont.

The phosphate ore body at Phalaborwa is about 8 km long and 3 km wide. Drilling has reached a depth of 5,000 feet.

## ROUND-UP

Pancontinental Mining, the potential Australian uranium producer, had a net loss in the half year to December of A\$562,658 (US\$260,240), against a loss of A\$165,861 in the same period of 1978.

Hill Minerals of Perth is making a 15 cents (7.47p) call on 6.5m shares paid to 20 cents.

The Government of Saskatchewan, in its recent budget, allocated C\$50m (US\$14m) in borrowings for the development of the Key Lake uranium mine. The funds will not be drawn this year and borrowings are likely to be higher in 1981.

Environmental approvals for the mine are not expected until late this year.

Higher gold prices have allowed Giant Yellowknife, the Canadian producer, to raise the level of its ore reserves by 1.255m tons to 2,054m tons, grading 0.21 ounces of gold a ton.

Consolidated Rambler Mines, the small Newfoundland copper producer, pushed net profits to C\$6.5m (US\$2.5m) from C\$4m in 1978.

## SHARE STAKES

George Spencer — Mr. P. H. Spencer is interested in 475,487 Ordinary and 35,935 Preference shares.

Alliance Investment Company — London and Manchester Assurance Company has disposed of 61,500 shares leaving holding 660,000 shares (5.9 per cent).

## OIL AND GAS NEWS

### Sceptre moves into Dutch sector blocks

BY STEPHEN THOMPSON

SCPTRE RESOURCES, the Canadian oil and gas exploration company, has acquired interests in three blocks in the Dutch sector of the North Sea.

These include a 7.5 per cent stake in block L-14 where a natural gas discovery was made in 1975. The L-14-1 well tested gas at a rate of 18m cubic feet a day.

The other blocks are K-9, in which Sceptre has a 3.625 per cent holding, and Q-14 in which Sceptre controls 14.99 per cent. The holdings in K-9 and L-14 were acquired from Anker Kolen, a Dutch company, and the interest in Q-14 from three Dutch companies, Anker, De Jong and Van Dyk. The acquisitions have been approved by the Dutch Government.

Sceptre is currently studying the possible development of the L-14-1 gas discovery which could be brought onstream by late 1982. It is also planning to drill exploratory wells on block K-9 and on a separate feature on L-14 during the second half of 1980.

Sceptre has oil and gas exploration interests in the North Sea, as well as Portugal, the Philippines and Vietnam.

In addition Sceptre has a 49 per cent stake in Candee Resources which is searching for oil and gas in northern England and Scotland. Sceptre's shares, which are quoted on the London Stock Exchange under the Rule 143(3), were 455p yesterday.

Canadian Hunter Exploration, the wholly-owned oil and gas exploration unit of Noranda, has revealed that its recently-drilled Steeprock C-12-L 93-P1 explore-

The National Coal Board (NCB) and Hambros Bank are to undertake a joint venture capital investment in a North Sea service company for a total of £2.1m.

Yesterday Hambros published its offer for Drilling Tools North Sea, a drilling equipment rental business set up in 1973 by way of a limited issue for sale to clients of stockbroker Hedderwick Borthwick.

At the time Hedderwick's clients subscribed £3.50 per share for 65 per cent of the company, the remainder being held by Drilling Tools of Houston, Texas.

Now Drilling Tools is to be bought out for £725,000 and DTNS's shareholders are to receive £10.10 each share. They have not received any dividends since the company was formed and since its performance has not been remarkable. Over the period they have grown from about £250,000 a year pre-tax to about £400,000 currently.

Under the terms of the deal DTNS's shareholders may elect to retain some of their shares to a maximum of 25 per cent of the equity of the bidding company, Dawsea. The remainder will be shared equally between the pension fund and investment clients of Hambros Bank.

## Goldsmith companies reorganise

GENERAL ORIENTAL, the Hong Kong company 74 per cent owned by Sir James Goldsmith, has reorganised one of its key holdings in Generale Occidentale, the French-based food group controlled by Sir James.

At the centre of a complex deal is Trocadero Participations SA, a French company whose main asset is a 35 per cent stake in Generale Occidentale.

Argyle Securities, a former UK property company, now owned by Sir James Goldsmith, is to acquire 30.4 per cent of Trocadero and thus, indirectly, some 10.6 per cent of Generale Occidentale.

Yesterday, Argyle announced that it had sold its stake in Trocadero for £2.7m. There were two purchasers: Argyle Securities (Holdings), Argyle's immediate parent company; and General Oriental, Argyle's ultimate parent company since July 1978.

At the same time, Argyle paid out £2.9m in dividends to General Oriental of which it is a wholly owned subsidiary.

In a number of other transactions also announced yesterday, Argyle sold further investments and properties for £4.8m. As a result of all these transactions, the statement says, Argyle's borrowings will be reduced by £9.3m. The amount outstanding now stands at £16.7m below the figure shown in the last consolidated balance sheet dated September 30 1978.

At that stage Argyle's gross borrowings amounted to £33.3m. There was also some £15.3m in cash. Yesterday's statement did not make clear whether the reduction was in the net or gross borrowings and a spokesman for the company was unable to elucidate further.

The last balance sheet for Argyle also showed that Argyle owned 30.9 per cent of Generale Occidentale in its own right. Sir James also has a small direct holding in Generale Occidentale through the last consolidated balance sheet dated September 30 1978.

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## Hawley Leisure boosted to £0.5m by acquisitions

BOOSTED BY acquisitions, turnover and pre-tax profits of Hawley Leisure have soared during 1979, from £1.07m to £11.22m, and from £22,005 to £520,667 respectively.

And the dividend has jumped to 0.5p (0.1p net per share), with a final of 0.5p for 1979. At the interim stage profits had expanded to £173,210, compared with £5,337.

Tax of this tent and amusement machine manufacturer, was £1,442 (nil), and after minority interests of £1,100 (£2,973 profit), the attributable balance came out at £58,325 against £19,035.

Earnings per share were well up at 6.52p, compared with 0.29p.

There was an extraordinary debit of £25,767 for 1979, which was the loss arising on the sale of shares in a subsidiary.

After this and dividends cost, up from £9,602 to £39,939, the amount retained was £410,620 (£9,431).

### comment

On an annualised basis, Hawley made about £750,000 pre-tax profit last year which, by comparison with the previous profit of a mere £22,000, confirms the drastic changes undertaken in the former tent manufacturing "shell".

Profits actually came out at £521,000 which breaks down into about £900,000 from amusement machines distribution, £130,000 from hi-fi retail and a similar amount from custom built furniture while the recent sports shops acquisition chipped in around £20,000. Much will probably happen this year and the complexion of the group may well change once more. But, at this stage, unofficial forecasts of around £900,000 (and probably more) for 1980 will be depending largely on amusement machine growth in which Hawley

intends to expand its operating, as opposed to distribution, activities. The shares, at 43½p after a 2½p rise yesterday, have already attracted quite a strong following and, for a fledgling operation, marketability is quite reasonable. For the short-term, however, investors must balance high gearing (the debt: equity ratio is about 1:1) and a near certainty that Hawley will use its quote for new acquisitions again this year, with powerful segments in the fast expanding amusement machine and custom built furniture industries, coupled with a useful backing of tax losses.

### Aquis seeks development opportunities

The Board of Aquis Securities, the property investment and property developer with interests in hotels, is watching the market closely for opportunities in the development field.

At the end of 1979, when pre-tax profits fell from £519,758 to £394,005, all the company's buildings were fully let.

During the year the development programme was completed with the sale of properties at East Grinstead and Cambridge. Arrangement for a leasehold interest in one of the major flat properties has been made. The sale of modernised flats started towards the end of the year and will continue to generate profits in 1980.

Gross income from investment property continued to increase steadily as a consequence of rent reviews.

At the year-end Mr. H. C. Quinlan, the chairman's holding in the company had been reduced from 1.36m to 1.14m shares.

The annual meeting will be held at the Clarendon Court Hotel, W, on April 24 at noon.

## Chambers & Fergus lower

HIGHER COSTS which offset improved tonnage crush and increased refined oil sales, resulted in a fall in profits at Chambers & Fergus, seed crusher and edible oil refiner.

Although turnover was ahead at £5.86m against £4.63m, taxable surplus for the half-year ended December 31, 1979 dropped from £100,785 to £83,961, but the directors expect to see an improvement in the current six months.

The interim dividend is held at 0.25p net per 5p share—the previous total was 0.75p on pre-tax profits of £213,297. There was a transfer of £43,675 (£52,408) to deferred tax and net profits for the half year were down at £40,316 against £48,377.

### Rohan changes year-end

Year-end accounts of Rohan Group are to be made up to December 31, so that the next report will be for the next months ended December 31, 1979.

The interim dividend, of 3.2p, announced in the interim statement last month, as well as a recommendation of a final, will be for this period, the results of which will be announced in May.

## W. Canning moves ahead to £1.4m and confident

FOLLOWING THE first-half fall, taxable profits of W. Canning showed an increase from £334,000 to £912,000 in the second six months of 1979 giving a higher full year figure of £1.4m, compared with £1.05m. Turnover for the year advanced from £40m to £55.1m.

The group's traditional business of supply of materials and plant for metal finishing was seriously affected by the national road haulage and engineering disputes. Substantial losses were incurred by W. Canning Engineering, its major plant manufacturing subsidiary and by the Australian subsidiary.

However, these were more than offset by good performances from the group's smaller subsidiaries which operate in environmental control, plant and components for electronic industries, aluminium casting and metal recovery.

Mr. Alex Houseman, the chairman, feels that the group is gaining strength from its widening spread of interests and the new year is faced with some confidence. He adds that expansion in 1979 through acquisition of new companies and the establishment of new activity has been completely vindicated by their significant contribution to 1979 group profits.

A divisional breakdown of sales shows:—metals and electronics £20.31m (£17.15m), materials £31.02m (£20.13m), engineering £10.68m (£9.73m), environmental control £1.99m (£1.57m) and services £2.54m (£2.64m). Inter-group sales accounted for £1.4m (£1.16m).

Profits were struck after interest charges up sharply to £333,000 to £228,000 and redundancy and reorganisation costs of £114,999 (£102,000).

Tax takes £347,000 (£284,000) and after extraordinary debits of £50,000 (£157,000) and minorities,

### BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are in the form of cash or in the form of shares. The dates below are based mainly on last year's timetable.

Year's timetable	
TODAY	
Interim—Fairview Estates, Ricardo Consulting Engineers, Standard Industrial, Finlay-Bambas Stores, Bantams, Aerodin Rubber, Arent Chemicals, Guley Biomass, Equity and Law Life Assurance, Expanded Metal, Garton Engineering, Sackin and Colman, Sover-Sarco, Stag Furniture, United Newspapers, Walsingham Rink.	
FUTURE DATES	
Interim—Fairview Estates, Ricardo Consulting Engineers, Standard Industrial, Finlay-Bambas Stores, Bantams, Aerodin Rubber, Arent Chemicals, Guley Biomass, Equity and Law Life Assurance, Expanded Metal, Garton Engineering, Sackin and Colman, Sover-Sarco, Stag Furniture, United Newspapers, Walsingham Rink.	
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### attributable profits for the year

increased from £888,000 to £1,020m.

Earnings per 250 share are stated ahead at 8.98p (8.6p), while a maintained final dividend of 2.25p makes a total payment of 3.975p (3.904p) net—unchanged at the gross level—absorbing £474,000 (£481,000).

At the year-end, net assets per share were up from 88.2p to 94p.

Borrowings represent 56 per cent of shareholders' funds but a forecast of a surplus of £894,000 on property values.

The Australian subsidiary incurred a substantial loss in the first half of the year, but

following considerable redundancies and a new managing director, the company is now trading profitably.

Following losses over a number of years it was decided to move the plastic fabrication business from Plymouth to the West Midlands in order to fully utilise the premises occupied by the metal-fabrication subsidiary. The benefits of this change are expected to be felt this year.

The environmental engineering activities have been located together in Telford and increased profitability is expected to result in 1980.

Mr. Houseman is to retire from the chairmanship immediately after the annual meeting and is to be succeeded by Mr. B. Tromans, who will be appointed non-executive chairman.

It is proposed to alter the company's Articles of Association so that the provision for payment of fees to non-executive directors is to be increased from £1,500 per annum each to £20,000 per annum. In addition, it is proposed to make all directors, executive and non-executive, subject to retirement by rotation, up to a maximum of one-third in any year.

### comment

While profits are still not back to 1977 levels, the second half looks to have pulled W. Canning out of a 18-month profits trough.

The first-half figures were unusually depressed because of a nine-month contribution from Australian operations which probably lost £300,000 over the year. But the first four months of the current year are back in the black. In the W. Canning's traditional activities look to be more or less at a standstill, while the engineering division took a £300,000 battering from the labour dispute. Growth has come from the acquisitions of the last two years. The success there gives the Board room to be frank about the effect of gearing, though property sales could take five points off that this year.

Remaining remains acquisition-minded and courageous and justifiable but at the same time likely to impose strains on the balance sheet. The maintained dividend gives an 11 per cent yield at 51p with a historic p/e on stated earnings of 5.5. Australian loss elimination alone could push current year profits up around £1.6m, where the fully-taxed prospective p/a is eight, two points over both engineering and metals sectors.

These projects together with a new effluent treatment plant and a new boiler house are being undertaken to take full advantage of Government grants which are being withdrawn or reduced after this year, the chairman adds.

Pre-tax profits for 1979 improved from £325,106 to £342,020 on turnover of £5.41m against £4.97m. CCA profit is reduced to £201,000 (£253,000) after adjustment for cost of sales, £160,000 (£200,000), additional depreciation, £83,000 (£72,000) and £102,000 (£32,000) gain on net monetary liabilities.

The chairman says the market for printing and writing papers was the best in the competitive especially during the latter part of 1979. He is concerned to note the sharp increase in imports.

"If the Government expects manufacturers to compete on equal terms with foreign mills,

## Record year at Queens Moat

A RECORD year at Queens Moat Houses, the hotelier, restaurateur and caterer, saw pre-tax profits advance substantially from £445,643 to £882,214 at year-end.

Describing the results as excellent, Mr. J. Bairstow, the chairman, says that in spite of record interest rates trading indicates "a further significant improvement" in the current year.

Following last year's two major acquisitions—the Newmarket Moat House and the Leicester Moat House—and the sale of the Hampshire and Perth Moat Houses additional possible acquisitions this year are being negotiated.

The final dividend of 0.375p brings the total for the year to 0.75p (0.5157p). The final last time was 0.2657p.

Turnover advanced from £9.7m to £11.8m. The tax charge was £216,781 (£227,989). Interest accounted for £397,556 (£308,334) and rents £555,683 (£416,434). The company retained £372,445 compared with £138,660.

Earnings per 5p share came to 2.4p compared with 1.22p last time.

### Creditable year seen by Wearra

Performance of Wearra Group should be creditable in 1980, under difficult conditions, Mr. A. J. Harris, chairman, told the annual meeting.

The footwear businesses were likely to have a more difficult time—the climate within the shoe trade was by no means buoyant and no improvement

it should take appropriate action to prevent subsidised paper being dumped on the market at prices which cannot bear any proper relationship to production costs," says Mr. Heyer.

The freehold of substantial premises adjoining the Britannia stock warehouse has also been acquired and the additional facilities will enable the group to take advantage of any opportunities arising in paper conversion.

These projects together with a new effluent treatment plant and a new boiler house are being undertaken to take full advantage of Government grants which are being withdrawn or reduced after this year, the chairman adds.

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could be expected in the foreseeable future, he stated.

A contract worth some £150,000 for a major heating installation, won by Grayhill Westcott, would take this company a long way towards its profit target, Mr. Harris said, and the recent acquisition, Burostat Vinyl Products, had considerable growth potential.

Group profit for 1978-79 was £558,000.

## Seascope static at halfway

LITTLE CHANGED pre-tax profits of £579,000 against £582,000 are reported by Seascope Holdings, the insurance and reinsurance broking and shipbroking equipment leasing group, for the six months to November 30, 1979.

Turnover for the period showed a \$0.53m advance at £2.74m and tax took £308,000 compared with £182,000.

The board is in the process of streamlining the company's organisation and efforts are being made to contain inflationary costs so that, in spite of many adverse factors, profits for the year will at least be maintained at last year's £1.24m.

Insurance brokerage business is rising but profits in this area are under pressure due to rapidly increasing costs and an adverse movement in exchange rates. While these factors have affected shipbroking, this activity showed an improvement in the first half.

Performance of Wearra Group should be creditable in 1980, under difficult conditions, Mr. A. J. Harris, chairman, told the annual meeting.

The footwear businesses were likely to have a more difficult time—the climate within the shoe trade was by no means buoyant and no improvement

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	'000 FF	Value in '000 US \$
Loans.....	1,842,803	458,409
Deposits.....	2,426,433	603,590
of which Medium-term deposits by shareholding banks.....	120,600	30,000
Capital and reserves.....	139,457	34,691
Profit before tax.....	24,772	6,162
Net Profit after tax.....	14,103	3,508
Total of balance sheet.....	2,650,810	659,406

**Participating banks:**

The Bank of Tokyo, Ltd.  
The Industrial Bank of Japan, Ltd.  
Bank of Tokyo Holding S.A.  
The Long-Term Credit Bank of Japan, Ltd.  
The Nippon Credit Bank, Ltd. The Kyowa Bank, Ltd.  
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The Hokkaido Takushoku Bank, Ltd.



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"GIVE TO THOSE WHO GAVE—PLEASE"

# Nuclear industry tackles self-control

BY DAVID FISHLOCK, SCIENCE EDITOR

THE British nuclear industry is commissioning the first part of a £2m investment in large-scale facilities for testing, full-scale, a new technology which it believes is bound to arouse widespread interest in the chemical processing industries as well. This is a way of controlling the flow of fluids without introducing moving parts such as conventional valves and pumps. It harnesses the hydrodynamic properties of the fluids themselves.

The new power fluids laboratory at the Springfields factory of British Nuclear Fuels will be the largest tested for the technology to be found anywhere in the world. Next year Springfields will be able to try its ideas out on radio-active liquids.

The nuclear industry believes it will recoup the investment with a handsome profit if, as it hopes, the technology is chosen to control the flow of radio-active and highly corrosive fluids through the new thermal oxide reprocessing plant (THORP) under construction at Windscale. THORP is the £600m plant, plans for which were investigated at the Windscale public inquiry, and were finally approved by the Government two years ago. In the next couple of years, before THORP's design is finalised against a 1987 starting date, the engineers expect to demonstrate that power fluids has mastered a process which calls for about 2,700 separate pumping systems.

## Nightmare

"We have some rather difficult pumping problems, where conventional pumps just cannot be considered," admits Dr. Bill Wilkinson, assistant director of research and development for British Nuclear Fuels. In the past this industry has relied heavily on steam-injector pumps—which have no moving parts—to move its more noxious liquids. The problem has been that some of these liquids can approach boiling point under accident conditions, and the bubbles of steam can choke the pump. This limitation has serious implications for safety if the pump is on standby for possible emergency action.

But Dr. Wilkinson, lately returned to nuclear matters from the chemical industry, says control of chlorine is also a "nightmare" for chemical engineers at present. ICI's Mond division at Runcorn has a graveyard of corroded chlorine control valves.

Mr. Bob Jackson, engineering director of the UK Atomic Energy Authority's Northern Division, sees the non-nuclear opportunities of power fluids opening up rapidly in the next year. He cites the recent demonstration his engineers gave one company which prompted the company's staff to produce 20 potential applications. They have caught the interest of companies trying to process such intractable "liquors" as yoghurt and fruit-and-nut chocolate.

## Excited

More than a decade ago the engineering laboratories of the UKAEA at Risley began to investigate a new control technology known as fluid logic. Fluid logic, during the 1960s, had excited such companies as IBM, which saw it as a potential rival to the miniaturisation of electronic control circuits. Advantages promised included the simplicity of manufacture and the fact that such circuits could not be upset by external influences such as electrical or nuclear radiation.

So rapid was the development of micro-miniaturised electronics, however, that fluidic controls, for all but a few uses, failed to compete. But the UKAEA engineers, originally drawn to fluidics for control of processes in situations where the radiation could upset electronic circuits, saw opportunities for much bigger fluidic components, capable of providing the chemical processing circuit itself with an intrinsic system of control, free from all moving parts. Three British universities (Sheffield, Cardiff and Durham) also made important contributions to establishing the theory of self-control by power fluids.

The basic principles of power fluids are easy to follow. The technology harnesses three phenomena peculiar to a fluid in motion. All three have been recognised for many years. One is the vortex or swirling effect, demonstrated by bathtub water as it disappears through the outlet pipe. A vortex ejector valve is simply a flat cylindrical chamber, with a radial inlet port and an axial outlet port. The incoming fluid swirls round the chamber before leaving, setting up a pressure opposing and throttling the main inlet flow. So it acts as a valve. The amount of throttling can be varied by having a small port tangential to the main inlet flow. A small change in the flow through this

port then produces a large influence on the main flow—in other words, an amplifying effect.

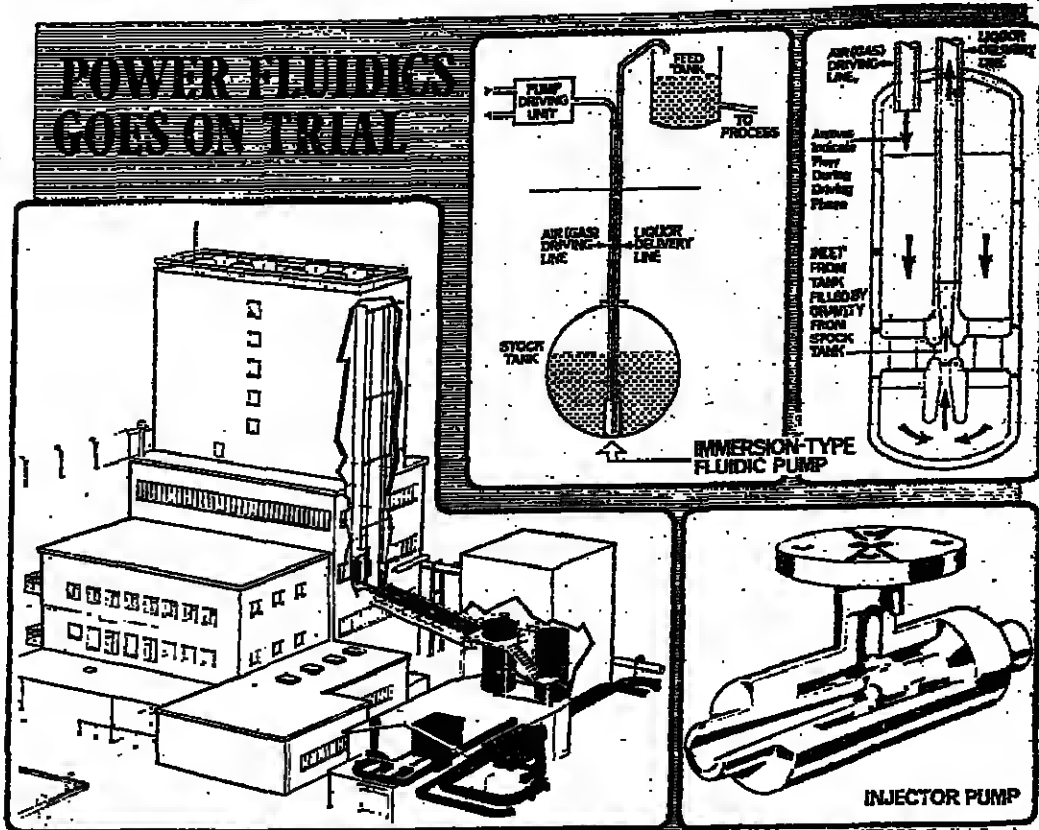
Another fluid phenomenon is the Coanda effect, which uses the propensity of a fluid to attach itself to whatever it may be flowing past. If the fluid is flowing towards the fork in a forked pipe, it will tend to attach itself to one wall or the other and thus flow down one leg of the fork. But if joggled gently by a small pulse of fluid at right-angles to the main flow, the main stream will flip and re-attach itself to the opposite wall. It will thus be diverted down the other leg of the fork. In other words, the Coanda effect provides a simple two-way valve needing no moving parts to operate it.

The third fluid phenomenon is jet entrainment. When a jet of fluid is allowed to expand as it flows coaxially in a circular passage immersed in the process fluid, it entrains and accelerates some of the process fluid. In other words, it can be made to behave as a fluidic pump. One kind of fluidic pump takes the form of two nozzles mounted axially in a cylindrical pipe, into which the process fluid is being fed. One nozzle—called the "driver"—is connected to the base of a vessel to which a cyclic air pressure can be applied. The other—called the "diffuser"—is coupled to the outlet pipe. When pulses of compressed air are applied, fluid is forced through the driver, entraining the process fluid and driving it out—again without the need for any moving parts to the pump.

## Far from easy

Using various permutations of these three phenomena, the UKAEA engineers led by Mr. John Golder, chief instrument engineer, are developing a family of novel engineering components, designed and tested to nuclear standards of dependability. Many have been made by sub-contractors specialising in the fabrication of stainless steel. About a dozen power fluidic components, including pumps, are already built into the new chemical reprocessing plant at Dounreay for spent fuel from the prototype fast reactor, which will shortly start treating the first fuel from this reactor.

But the engineers admit frankly that scaling up the technology from quarter-inch diameter experimental components to parts for full-scale plant has



The newly-commissioned power fluids laboratory of the UK Atomic Energy Authority at Springfields near Preston, with the first of three test rigs, over 100 ft tall. This tests components such as the immersion-type fluidic pump illustrated above.

proved far from easy. They learned that the difference between prediction founded on theoretical calculations and reality could be a factor of ten in performance. One component designed for the Dounreay plant just did not work and had to be abandoned.

But so promising was power fluids held to be that they authorised the investment in big test rigs to try out designs at full size before embarking on manufacture. British Nuclear Fuels has shouldered most of the expenditure at Springfields, about £2m for two rigs called HALES (highly active liquor evaporation and storage) and VOSL (vacuum-operated slug lift). Both are intended to operate with radio-active liquids and to demonstrate new ways of circulating hot, radio-active liquids in the new reprocessing plant for both Magnox and oxide fuel at Windscale.

The UKAEA will be carrying out the development programme. It expects to be running the first of these rigs, HALES, later this year, to test a design of fluidic pump as part of a novel fluidic system for

emptying tanks storing highly radioactive waste liquors from the reprocessing operation. But while this rig, in a test tower 40 ft high, is being constructed, the engineers are exploring the system initially on a rig using water, built by the UKAEA at a cost of about £250,000. Fluidic pumps can be dangled into water tanks. The rig allows fluidic pumps to be demonstrated raising water to a height of up to 100 ft. It also shows that they will continue to pump at temperatures of 90 degrees C—a temperature which could possibly be reached if all cooling failed on a storage tank for highly radio-active waste liquor. The steam ejector pumps installed today for use in an emergency would have difficulty operating at temperatures greater than 70 degrees C without becoming choked by steam.

## Ventilation

The second of the active liquor rigs, VOSL, will be used to optimise the operation of a complete fluid handling system, using radioactive uranium liquors to simulate working con-

ditions as closely as possible. If the fluidic technology that the VOSL is designed to demonstrate should prove satisfactory, the total saving for THORP is put as high as £12m-15m.

In fact, the UK nuclear industry has already built up considerable confidence in its own skills in designing fluidic control systems in a completely different situation, namely control of the ventilation for situations where people are handling radio-active materials such as plutonium. The UKAEA has already installed about 50 ventilation systems in which the vortex amplifier is used as a "self-regulating, self-activating servo" to protect operators against, for example, the collapse of a cabinet or area in which radio-active substances are being handled. As a control valve, the fluidic valve responds to the change in pressure in just a few thousandths of a second, opening up far faster than any mechanical valve could manage, to maintain the reduced pressure. The entire ventilation system for the new Dounreay reprocessing plant has been based on such a fluidic control system.

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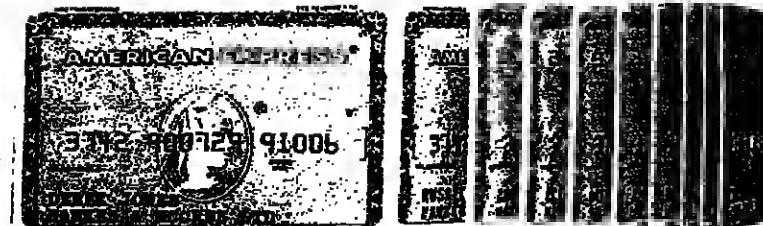
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## Companies and Markets

## INTERNATIONAL COMPANIES AND FINANCE

## NORTH AMERICAN NEWS

## Sharon Steel chief in tax investigation

By David Lascelles in New York

MR. VICTOR POSNER, the chairman of Sharon Steel, announced yesterday that a grand jury investigation has been started into possible criminal tax violations by himself, certain other individuals and certain companies he controls.

The investigation, he said, was being conducted by the U.S. Attorney for the Southern District of New York.

Mr. Posner said that he had not been able to determine the extent of the investigation, but that it related solely to potential tax violations. There was no reason to believe it involved anything besides matters covered by investigations in 1976-77.

At that time, Mr. Posner was investigated by the Securities and Exchange Commission and an audit committee inquiry, and as a result entered into a consent decree and paid money back to some of his companies.

## Thomson-Brandt bids for GTE European offshoots

BY GUY DE JONQUIERES

THOMSON-BRANDT, the French manufacturer of consumer electrical products, has approached General Telephone and Electronics of the U.S. with an offer to purchase two of GTE's European subsidiaries.

The subsidiaries are Saba, the medium-sized German manufacturer of television sets, radios and audio equipment, and Videon, a French company which makes television sub-assemblies, transformers and other components for a variety of customers, including Saba.

No terms have been disclosed, though GTE described Thomson's offer yesterday as "very serious." The U.S. company said that it was in the process of informing employees at the two subsidiaries about the talks with Thomson.

GTE's only other television interest in Europe is a tube plant in Belgium. Thomson has not expressed any interest in purchasing this operation, and GTE has told employees at the

plant that it cannot guarantee the plant's future.

Saba, which accounts for about 8 per cent of the colour television market in Germany, suffered a sizeable loss last year. Like other German manufacturers, it has been badly hit by intensive price-cutting, and is apparently thought by GTE to be too small to survive for long on its own.

Thomson's offer for Saba and Videon represents the latest move in an ambitious strategy to build up its television interests by expanding outside the heavily protected French market. The strategy enjoys strong support from the French Government, which sees it as an important bulwark against increasing Japanese inroads into the European television market.

Thomson estimates that the acquisition would make it the second largest television manufacturer in Europe, after Philips of the Netherlands, and about the same size as Grundig, which claims some 25 per cent of the German market.

The French company, which claims just under a third of its national colour television market, acquired Nordmende, another German manufacturer, in September, 1978. Nordmende has continued to lose money at the rate of about DM 30m a year since it was taken over, though part of this represents the cost of restructuring its operations.

Last year, Videon, a joint subsidiary of Thomson and RCA of the U.S., took over the television tube operations of AEG-Telefunken, the selling German electrical giant. Since then, Thomson has been pursuing discussions on the television of Telefunken's other television interests.

Thomson is also understood to have discussed with Deca the possibility of taking over its television operations earlier this year. The talks could be revived to JVC of Japan, which has been considering making a bid for the Deca plant, fails to do so.

## EUROCREDITS

## Belgium seeks another big loan

By Peter Montagnon

BELGIUM IS seeking another jumbo-sized Eurocredit. The Ministry of Finance has awarded a mandate to the country's four leading banks to organise a deal amounting to "about \$1bn," according to bankers in Brussels, although it is understood that the final amount could be higher.

Rumours of such a transaction have been rife in financial markets for some weeks, prompting a denial from Mr. Gaston Geens, Finance Minister, last month that a major international borrowing operation was imminent.

Even now, Belgium is proceeding cautiously with the loan, and bankers yesterday were not able to confirm the exact terms on which the credit will be raised.

However, it is already clear that the operation will contain a margin of 3 per cent above Libor for at least some of its seven-year life, thus confirming the country's status as a prime-rate borrower on the international capital markets.

Last year, Belgium raised \$1bn over eight years with a split margin of 1 and 1/2 point over Libor.

The current deal will be offered for general subscription, unlike the last one which was arranged on a more limited "club" basis.

The bankers in Brussels said that if syndication is successful, the amount would be raised above \$1bn, although Belgium does not wish to squeeze the market and is certainly not currently planning to raise as much as \$1.5bn, as had been rumoured in some quarters.

A question-mark over the issue will be the willingness of U.S. banks to participate at what have become for some of them unacceptably low spreads.

This, coupled with the general uncertainty of the medium-term credit markets following the Soviet invasion of Afghanistan and the U.S. freeze of Iranian assets, perhaps explains the reluctance of the banks involved to comment in concrete terms on the loan at this stage.

Final details should, however, be available later in this week. The loan is managed by Banque Bruxelles-Lambert, Société Générale de Banque, Kredietbank and Paribas Belgique.

The Belgian Government has adopted a policy of borrowing abroad not only to offset the country's balance of payments deficit, but also because of the unstable condition of the domestic bond market.

Mr. Geens said in London last month that if the condition of the domestic market does not improve, the country could borrow a total of some \$2.5bn abroad during the course of this year.

## Strong advance at UBAF Bank

By Michael Lafferty

UBAF Bank, the London bank in the Arab-French consortium banking group, has reported a 21 per cent increase in 1979 operating profits to £4.4m. As a result of the release of a further £1m from a "future loan loss provision," pre-tax profit is up from £3.1m to £4.5m.

During the year, shareholders of the bank, including Midland Bank with a 25 per cent stake, contributed a further £5m in new capital. This leaves shareholders' funds at £20.4m in the latest accounts. In addition, the bank has subordinated loans of £5.2m.

Further capital, in the form of £5m of share capital and £5m in subordinated loans, will be introduced in the coming year.

The bank says that the extra tranches of capital are partly from the Bank of England proposed rules for capital adequacy. The decision to release the future loan loss provision, justified on the grounds that "the strength of the bank and the level of trading profits are such that the general provisions... are no longer necessary," also seem to be related to the capital adequacy issue.

During the year, UBAF Bank's total assets increased only slightly from £47.5m to £47.7m. Loans and advances of less than one year are up from 14 per cent at £45.5m, while loans and advances over one year are ahead 4 per cent at £12.1m.

Mr. M. M. Abushadi, the chairman, says that the group's future strategy and structure were reviewed during the year. "It was agreed unanimously that the existing structure is the best for achieving the objectives of the group, allowing at the same time for the group's member companies to continue as independent, active and profitable units," he said.

## EXPANSION AT PEMEX

## Mexico's oil bonanza

BY WILLIAM CHISLETT IN MEXICO CITY

THE YEAR 1979 brought spectacular growth for Pemex, the Mexican state oil monopoly, which has become the linchpin of Mexico's rapidly expanding economy. Oil now accounts for almost half the country's exports.

Pemex's trade surplus, according to its annual report, was Pesos 79.2bn (\$3.4bn), a 125 per cent increase over 1978. This reflects the tremendous strides made during the year in the production of crude, condensates and liquids which achieved a daily average of 1.618m barrels, a 22 per cent increase. Natural gas production was up 13 per cent to an average 2.8bn cubic feet a day and basic petrochemical production rose 60 per cent to a total of 4.3m tons of products. Proven hydrocarbon reserves rose 14 per cent to 45.3bn barrels.

For the first time Sr. Jorge Pemex, divulged the pre-tax current account surplus, a figure normally not given or buried in Pemex's complicated accounting system. He said that in 1979 it was Pesos 97bn (\$4.2bn). Federal taxes of Pesos 47bn were paid and the rest put towards Pemex's investment programme. Pemex does not report a profit.

Mexico's oil production is now almost 2.1m barrels a day and last week it announced that proven hydrocarbon reserves had risen from 45.3bn barrels to 50bn barrels. Potential reserves, which include the proven, still stand at 200bn barrels.

The leap in Pemex's trade balance was due in great part to increased production and far

higher oil prices (Mexico is not a member of the Organisation of Petroleum Exporting Countries but follows its price guidelines). Exports totalled \$5.9bn and imports \$5.4bn.

Crude exports were \$3.5bn a 117 per cent increase over 1978.

Pemex, Mexico's State oil monopoly, last year achieved a substantial increase in the production of crude oil, petroleum products and gas. Its trade surplus, resulting mainly from crude exports, was up by 125 per cent from the 1978 level, and Pemex is now concentrating its efforts on exporting the more profitable petroleum products.

ammonia, \$84.8m, a 32 per cent rise; liquid gas \$39.2m and fuel oil \$25.9m. These last two are started to be exported last year. As a result of the greatly increasing revenue, Pemex was able to finance a greater share of its massive investment programme from its own resources. Foreign borrowing remains high, but its proportion to total income is being reduced.

Last year's income totalled \$2.9bn (\$1.3bn) of which \$1.3bn came from Pemex and the remaining 29 per cent, pesos 74.6bn, from foreign borrowing. In 1978 foreign borrowing of pesos 51.3bn represented 31 per cent of total income.

Expenditure totalled pesos 258.5bn and included capital investment of pesos 88.4bn. Operating costs were pesos 66.1bn, federal taxes pesos 47bn and pesos 40.8bn spent to liquidate liabilities, and pesos 15bn debt interest.

Compared with 1978's costs it is clear that current expenditure is rising far more quickly than capital. While capital investment rose by 33 per cent in 1979, the cost of maintaining the elephantine Pemex bureaucracy rose by 52 per cent. Pemex has an 80,000-man staff as well as contracted workers—over 100,000.

A new 56-storey building is being planned to house Pemex employees, since the corporation is growing so quickly. Debt interest is also rising substantially. In 1978 it cost pesos 8.8bn, 4 per cent of total expenditure, and last year pesos 15bn which represented 6 per cent of the total.

Refining output increased by 9.4 per cent in 1979 to 1.1m b/d. The rise in oil production is outstripping the increase in refinery capacity thereby limiting the value of foreign sales since most of Pemex's exports are crude oil and not the more profitable petroleum products. This is an area where Pemex is concentrating greater efforts.

On the basic petrochemical front, Pemex believes that in the next 18 months Mexico could be self-sufficient.

Domestic demand is rising faster than national production, but as with the production of crude—which has more than doubled in three years—all stops are being pulled out to raise output.

## INTERNATIONAL BONDS

## IBM issue completes DM foreign calendar

BY FRANCIS GHILES

THE FIRST and last Deutsche Mark foreign bond to be launched during the next four weeks was completed yesterday: IBM has arranged a private placement of DM 100m for six years with Deutsche Bank. The borrower is paying a coupon of 10 per cent, the highest in this sector for many years.

This issue for IBM was the only one agreed yesterday by the German Capital Markets Sub-Committee which meets once a month to decide on the calendar of new issues of foreign Deutsche Mark bonds. Not since the new issue market for such issues was closed in May-June 1978 has the calendar been so slim.

Last month, the agreed calendar of DM \$50m was cut to DM \$80m as the German banks faced an uphill struggle to place new D-Mark denominated paper. Last week Deutsche Bank resorted to numbering the bonds of a DM 200m issue it arranged for Sweden in order to control the distribution of the issue. The allotments it made to the underwriters were light and the two measures combined to prevent the issue for Sweden falling in the secondary market. Yesterday it was quoted at a slight

## GERMAN CAPITAL MARKETS SUB-COMMITTEE

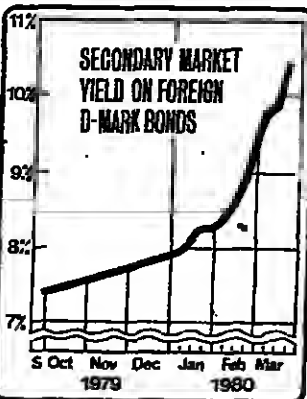
Date of issue	Volume of new foreign D-Mark bonds (DMm)
Dec. 13	400
Nov. 13	400
Dec. 21	1,200
Jan. 13	600
Feb. 25	500
Mar. 24	100

discount from its issue price of par.

Record high short-term dollar interest rates coupled with the strong performance of the U.S. currency against the D-Mark have made D-Mark bonds, be they foreign or domestic ones, look unattractive as an investment for the time being.

Prices of foreign D-Mark bonds were virtually unchanged yesterday and dealers in Frankfurt described the market as "quite dead." Many foreign D-Mark bonds are now yielding above 10 per cent. Domestic D-Mark bonds prices also settled down after the falls noted last week and the Bundesbank did not have to intervene to support the market.

Dollar denominated bonds ended the day on a weak note. The mood was already morose



gested that the first tranche of the proposed \$500m tap issue for Sweden, which amounts to \$125m, was receiving a fair reception.

A convertible is being arranged in the dollar sector for Denki Kagaku Kogyo, a leading Japanese chemicals and plastics firm. The borrower is raising \$15m for 10 years with an indicated coupon of 11 per cent. Lead manager is Nikko Securities.

Two convertibles are being arranged in the Swiss Franc sector: a SwFr 50m five year issue for Nissan Diesel which carries a coupon of 6 1/2 per cent through Daiwa (Europe) and a SwFr 30m five year bond for Denki Kagaku Kogyo which carries an indicated coupon of 6 1/2 per cent through Paribas (Switzerland). Secondary market prices of Swiss Franc foreign bonds posted gains of around 2 per cent yesterday in thin trading.

The next issue in the French Franc sector is expected to be announced later this week for Electricite de France. The amount of this issue, which is expected to include a coupon around 14 1/2 per cent, could be as high as FF400m.

yesterday morning but the sharp falls recorded in the domestic U.S. bond market when it opened later in the day pushed prices down further yesterday afternoon in European centres. Prices recovered later, in line with what happened in New York.

Last week's announcement that the U.S. Treasury would need to sell nearly \$40bn in coming weeks continues to hang heavily over the market and convinced investors and dealers that interest rates would remain high for the foreseeable future. Early market reactions sug-

## SAINT-GOBAIN-PONT-A-MOUSSON

## 1980 News Bulletin No1

Improved results in 1979

## Dividend proposal

At its meeting on March 20th, the Board of Directors approved the parent company accounts for 1979, which show a net income of FF416.6 million compared to FF263.2 million in 1978. Including retained earnings of FF250.2 million, a total of FF666.8 million must be appropriated. The Annual General Meeting to be called on June 11, 1980, will be asked to approve the distribution, by way of dividend, of FF370 million, (FF336 million in 1979) corresponding to a net dividend per share of FF10.70, compared to FF9.70 in 1979. Including a tax credit ("avoir fiscal") of FF5.35 for those entitled to it, total income per share will amount to FF16.05, compared to FF14.55 in 1979.

## Continued sales growth

Net consolidated sales rose to an estimated FF35,300 million, an increase of 3% on a comparable basis, and in particular after taking into account the assignment of substantially all the activities of the Davum company to the French steel concern Sacilor sales rose by 11%. After eliminating the effects of changes in monetary parities, sales rose by 14%.

## Net consolidated sales by geographic zone and by division

Net consolidated sales by geographic zone may be broken down as follows: France 47%; Germany 20%; United States 12%; other countries 21%.

Sales may be broken down as follows by division: flat glass 18%, insulation 18%, reinforcement fibres 3%, containers 10%, fibre cement 10%, pipe and machinery 14%, refractories 3%, paper 10% and contracting 14%.

## Higher consolidated income

The Group's consolidated income statement shows significant improvement over 1978, due largely to a recovery in the French operations

profitability and to a sustained high level of activity in most European operations.

Gross margin increased by 12% in 1979 to an estimated FF4,500 million, compared to FF4,017 million in 1978. Operating income rose by 37% to an estimated FF1,800 million, compared to FF1,310 million in 1978.

Net income, presently estimated at FF650 million, rose substantially. It is appropriate to take account of three important factors: (1) Reorganisation costs (redundancy payments, plant closure costs, etc.) remain high at an estimated FF400 million compared to FF348 million in 1978; (2) Gains on the disposal of assets in 1979 (approximately FF410 million) were significantly higher than in 1978 (FF258 million). Approximately half these gains result from disposal of several properties in Paris in connection with plans to move to a new international headquarters at Paris-La Defense at the end of 1981. The remaining half arose through the disposal of real investments, especially the remaining shares of Maison Phenix, and other assets; (3) Losses on the translation of foreign company accounts into French francs amount to approximately FF400 million. These were incurred principally in Brazil, following the devaluation of the cruzeiro.

## An improved financial situation

The Group's financial situation has further improved. Cash flow rose by 16% to FF2,500 million compared to FF2,154 million in 1978. Together with the proceeds of asset disposal of FF800 million, this more than covered total capital expenditure and trade investments of FF2,750 million compared to FF2,791 million in 1978. The Group's long-term borrowing declined slightly. Working capital rose, although less than in 1978, when the proceeds of a rights issue were registered.

The Group's entry into the electronics and computer industry is also recorded in these figures. Approximately 10% of total investments were made in this field, mainly for the acquisition of a stake in Compagnie des Machines Bull in September 1979.

## SAINT-GOBAIN-PONT-A-MOUSSON

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## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on March 24

U.S. DOLLAR		Change on					
STRAIGHTS	Issued	Bid	Offer	Day	Week	Yield	
Alcoa of Australia 10.89	50	80 1/2	81 1/2	01	01	13.82	
Alcoa of Canada 10.89	50	170 1/2	171 1/2	01	01	14.88	
Alcoa of Mexico 10.89	50	80 1/2	81 1/2	01	01	14.88	
Alcoa of Peru 10.89	50	80 1/2	81 1/2	01	01	14.88	
Alcoa of Venezuela 10.89	50	80 1/2	81 1/2	01	01	14.88	
Alcoa of Brazil 10.89	50	80 1/2	81 1/2	01	01	14.88	
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## BURMEISTER AND WAIN

## Further disposals to M.A.N.

BY HILARY BARNES IN COPENHAGEN

IN A move which is developing into a national issue in Denmark, Burmeister and Wain, the engineering and shipbuilding group, has now decided to sell a further large part of the shares in its marine diesel subsidiary B and W diesel to M.A.N., the West German engineering group.

B and W's holding in the company had a par value of Dkr 100m (\$17m) and the company is to sell Dkr 96.5m of this to M.A.N. The residual holding will allow B and W to continue to appoint three directors to the board of the diesel company.

B and W sold 49.75 per cent of a hived off B and W Diesel to M.A.N. at the end of last year, retaining an identical share itself. The remaining 1 per cent are held by Mr. Otto Grieg Tideman, the Norwegian ship-

owner. At the time of this deal the then board assured the Government and unions that it had no intention of selling its remaining holding to M.A.N., which is one of B and W's competitors in marine engineering. The sale of assets to strengthen the ratio of equity capital to debt is a deliberate strategy on the part of the B and W Board and its controlling shareholder and managing director, Mr. Jan Bonde Nielsen. Further sales of assets are expected. The IWT container factory in Lübeck, Germany, is high on the list of companies which the group is expected to sell.

By improving gearing, the sale of the diesel company will enable B and W to borrow money on what the company called "normal terms," although the deal will not make a big difference to the amount of money the group will need to borrow

to finance the construction of the five 60,000 dwt bulk carriers which it has on order at the shipyard. The yard has also

DIESEL ENGINE PRODUCTION IN 1979			
Company	No. of ships	Shp. total	% world
Burmeister & Wain	191	2,838	34.1
B & W	122	1,435	20.0
Pielstick	108	1,150	13.4
M.A.N.	85	1,031	12.2
Mitsubishi	59	0,396	4.7
Total	541	8,433	100.0

Source: The Motor Ship.

signed letters of intent for another two vessels from a Greek owner and is negotiating for further orders.

The Board believes that its diesel company holding would have brought a satisfactory return in three or four years'

time, but in the meantime the parent company would have been called on to contribute about Dkr 300m to the financing of the diesel company over that period.

The diesel group has about 3,000 employees, and the rest of the B and W group has about 4,000 employees, in companies which include a high pressure steam boiler manufacturing division, a packaging division, a marine service division and an importer of agricultural machinery.

B and W is the second biggest marine engine maker in the world but like the industry leader—Switzerland's Sulzer Brugg—around 90 per cent of its engines are built under licence overseas. B and W's case, Japan's Hitachi and Mitsui are particularly important licences.

## Atlas Copco optimistic on growth prospects

By Victor Kayfetz in Stockholm

ATLAS COPCO, the Swedish compressed air and hydraulic equipment maker whose pre-tax earnings rose 11 per cent in 1979 following a three-year profit slump, predicts good growth prospects during the 1980s in major industrialised countries like the United States, France and West Germany, where its market shares are small.

Although the annual report gives no forecast for 1980 the managing director, Mr. Tom Wahlmeister, writes that "I am optimistic as regards the area the company itself can influence."

But he cites political pressures in Sweden for withdrawal from the Interamerican Development Bank (IDB) and for further limitations on Swedish investment in South Africa as examples of "obstacles to trade that make the work of Swedish export companies harder than that of competitors." Atlas Copco has 92 per cent of its turnover outside Sweden. Construction and industry each account for 40 per cent of group sales and mining 20 per cent.

As reported earlier, pre-tax profit last year was Skr 334m (\$76m) and the board has proposed a dividend of Skr 6 per share at a cost of Skr 99m, up from an adjusted Skr 5.79.

In 1975 the group had earned Skr 430m for a 17 per cent return on capital. Pre-tax profit slid to Skr 338m in 1976 for a 12.8 per cent yield, followed by two years of profits around Skr 300m each and a return of just over 11 per cent.

Group sales rose 12 per cent last year to Skr 5.3bn (\$1.2bn). Atlas Copco Airpower, a company which makes compressors, raised its pre-tax profit from Skr 95m to Skr 109m on sales that climbed 16 per cent to Skr 1.25bn. Small portable sound-proofed air compressors were enthusiastically received on the U.S. and West European markets during 1979, Atlas Copco says.

## BANKING IN EUROPE

## Foreign branches boost Bayerische Vereinsbank

BY KEVIN DONE IN FRANKFURT

THE BAYERISCHE Vereinsbank, the largest of the West German regional branch banks, achieved a substantial boost in overseas business through its foreign branches last year.

Dr. Max Hackl, chairman of the executive board, said that total assets of the bank's foreign branches in the U.S., the Cayman Islands, the UK and Japan amounted at the end of 1979 to around DM 4bn (\$2.13bn).

Compared to the end of 1978 the foreign branches showed a growth of some 6 to 7 per cent, but in terms of average growth over the year—a more realistic measure of the expansion of business—the foreign branches showed a growth of around 85 per cent.

The Bayerische Vereinsbank, which ranks fourth in West Germany behind the big three commercial banks, Deutsche, Dresdner and Commerzbank, is pausing to consolidate its foreign operations before ven-

turing on much further expansion, said Dr. Hackl.

Last year, however, it opened two further overseas representative offices in important financial centres in Bahrain and Hong Kong and it was also the first West German bank to get up a representative office in Athens. Together with a group of other Western banks it has also taken a stake in a bank in Hungary.

The Bayerische Vereinsbank increased its total consolidated balance sheet assets to DM 82.9bn (\$44.33bn) last year, an increase of 9.3 per cent over 1978 (DM 75.9bn). At the same time, however, its consolidated net income increased only marginally to DM 145.9m, a rise of just 0.5 per cent.

Unlike the big three commercial banks, the Bayerische Vereinsbank parent bank is allowed to carry on mortgage and local authority bond business under its own name. This part of its activities accounted for some 36 per cent of the

parent bank's balance sheet total last year, at DM 17.3bn, compared with the 64 per cent accounted for by commercial banking operations at DM 30.7bn.

On the commercial banking side loans to customers rose sharply by 22.4 per cent, to DM 17.47bn, with demand at a high level from industry. Customer deposits increased more slowly by 10.3 per cent to DM 19.85bn. As a result of rising interest rates customers' sight deposits fell by 8.5 per cent to DM 2.92bn.

The Bayerische Vereinsbank is continuing to expand its branch network beyond the confines of its home state of Bavaria. In the next two years further branches will be opened in towns such as Bonn, Koblenz, Trier and Düsseldorf and it is also in the process of integrating its 100 per cent subsidiary Röchlin Bank in the Saarland into its branch network.

## Share issue from Saga Petroleum

By Fay Gjerstad in Oslo

SAGA PETROLEUM, the Norwegian private enterprise oil company backed by about 80 leading business shipping and industrial concerns, is to raise Skr 70m (\$13.7m) through a one-for-five rights issue at par.

Existing shares, with a par value of Nkr 40, are currently trading at about Nkr 170 on the Oslo exchange.

The company, which is still in the development stage, has paid dividends since it was formed in 1970, and is unlikely to do so in the next few years. Its earnings are still being ploughed back into petroleum exploration and development.

Saga is one of three Norwegian companies currently being considered by the Government to play a leading role in future development of the state oil company, and Norsk Hydro, the state-controlled oil and industrial concern. Only Norwegian citizens and Norwegian-owned companies are allowed to hold Saga shares.

If shareholders approve the new issue, it will be marketed in June. The board also plans to seek shareholder approval for a Nkr 75m convertible bond loan, to be offered in August and September this year.

Terms of the loan will be made public later. Convertible bonds are new to Norway's capital market, and Saga is believed to be the first company to announce plans for an issue of this type.

## Alusuisse plan to fight pollution

ALUSUISSE, the Swiss aluminium-making conglomerate, is to invest \$145m to renovate two plants in the Southern Valais region after a public outcry two years ago over fluor pollution in local rivers.

The group, whose factories in 30 countries produce 6 per cent of the aluminium used worldwide, says the renovated plants will employ pollution-reducing technology capable of meeting any new environmental regulations.

## Japan link for Au Printemps

BY TERRY DODSWORTH IN PARIS

AU PRINTemps, the French stores group, has broken into the Japanese retailing sector in a franchising-type agreement with the Daiichi distribution company. The deal is planned to lead to the opening of six shops under the Printemps label during the next ten years.

Construction of the shops will be under the control of a Japanese company, which will be entirely owned by Daiichi, reckoned to be one of the largest Japanese distribution groups with a turnover of Ffr 30bn (\$6.8bn) and a payroll of 27,000.

Under the terms of the agreement, however, Au Printemps will supply know-how and buying assistance to the Japanese group. In return, it will receive royalties for the use of its name, one of the most illustrious among the big Paris-based stores groups.

Au Printemps, controlled by

the Maus family of Switzerland, believes that the deal will prove to be an important generator of exports for France. Apart from sales to the shops bearing its own title, the French company is hoping to sell to other outlets in the Daiichi group, which controls about a dozen wholesale organisations and 40 supermarkets.

The contract underlines Au Printemps's currency policy of expansion on all fronts during a period when the French retailing sector is being extensively reorganised.

Despite its recent withdrawal from the bid for Paris-France shops chain, Printemps's ambition to expand in France was emphasised by its acquisition of 8 per cent of the Viniprix supermarkets group earlier this month. This deal was followed by a further "significant" share acquisition in the La Somats group, which

runs about 60 clothing shops in the provinces.

The French group is already present in force overseas, particularly with its down-market Prisunic and Escal stores chains. These groups are continuing to invest heavily outside France, with new shops due to open this year in the Cameroons, Haiti, Martinique and Greece.

The policy in the main group, however, is to seek partnership agreements overseas rather than direct investments. Printemps expects to be signing new agreements of this type, as in Japan, in the near future.

Esso Saf, French unit of Exxon of the U.S., made a net profit of Ffr 199m for 1979, an increase of more than 130 per cent. The figure includes a dividend of Ffr 83m received from Esso Saf's exploration subsidiary Esso Rep, up from Ffr 72m in 1978.

## Lisnave swings back to profit

BY JIMMY BURNS IN LISBON

LISNAVE, the Portuguese ship-repairer, has recorded a net profit in 1979 of 17.4m escudos against a loss of 546 escudos in 1978.

The company, which accounts for about 5 per cent of Portugal's total export earnings, attributed this recovery to rationalisation and marketing efforts, recent price rises, and increased productivity combined with an absence last year of major strikes.

Lisnave recorded a 51 per cent increase in sales over 1978 to 6.9bn escudos. A total of 379 ships docked at Lisnave's two

main yards, compared to 333 in 1978.

Although lay-offs are restricted by Portugal's present labour legislation, management and union officials agreed last year to an unpublished slimming of the company's labour force, mainly through a voluntary retirement plan.

According to the company's annual report, published this week, Lisnave's total number of workers, including those absent or on military service, is now 8,612—a decrease of more than 10 per cent.

The company has managed

to weather the storm of the international recession by its continuing advantageous location for tankers on the way back from the Middle East and by a diversification of its activities.

Nevertheless Lisnave is cautious about future prospects. "Continually rising oil prices, heavy inflation, and a very uncertain international political situation make any forecast of development for 1980 a mere speculation." The company intends to follow a policy of consolidation and restraint in the short term.

## Upsurge at Finnish engineer

BY LANCE KEYWORTH IN HELSINKI

MORE THAN doubled profits are reported for 1979 by the Finnish state-owned engineering and shipbuilding group, Vaisaet. After tax there is a rise of 111 per cent, to Fmk 15m.

Net sales of the parent company increased by 37 per cent to Fmk 2,43bn (\$623m), of which exports accounted for 62 per cent. Consolidated net

sales rose by 26 per cent to Fmk 4,67bn.

The pulp, paper and wood-working machinery division recorded the sharpest growth in sales, rising from Fmk 435m to Fmk 955m. It had orders on hand at the end of 1979 for 11 paper machines, eight of them from foreign buyers.

The shipbuilding division increased sales by 23 per cent to Fmk 772m. Third in order of

size according to sales was the tractor division which, if the Brazilian subsidiary is included, accounted for 31 per cent of consolidated turnover.

The company says that its co-operation agreement with Volvo of Sweden on tractor production is expected to double Valmet's share of the Nordic tractor market in the next few years.

Focus on Hessische Landesbank - Girozentrale -

## "Half of Germany's top 10 banks are Frankfurt-based. We're one of them."

Let's start with Frankfurt. Why is Frankfurt so important?

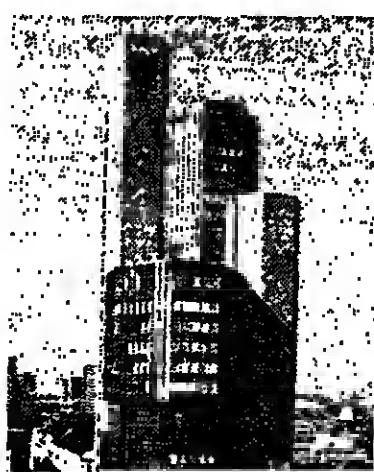
"Frankfurt ranks among the world's foremost banking and financial centers. 150 German banking institutions operate here, and Frankfurt has 174 international banks, more than any other city in Continental Europe.

The Bundesbank is headquartered here, and the Frankfurt Stock Exchange is Germany's largest, accounting for nearly half of the stock exchange transactions, 64 per cent of dealings in foreign shares and 80 per cent of the business in foreign fixed-interest securities.

Perhaps less well known internationally is that Hessische Landesbank is one of Frankfurt's big native-born banks. Half of Germany's top 10 banks are Frankfurt-based. We're one of them."

Now about the bank itself. What's its size and structure?

"Hessische Landesbank is Germany's 9th largest bank, 3rd among Landesbanks. As a government-backed regional bank, our liabilities are guaranteed jointly by the State of Hesse and its Sparkassen and Giro Association. We also act as banker to the State of Hesse, from which our name is derived, and perform clearing functions for the 52 regional Sparkassen."



Who are the bank's main clients?

"As a wholesale bank, our service facilities are tailored for large, internationally active corporations, foreign governments, and other financial institutions, as well as subsidiaries of international companies operating in Germany. As bankers to the State of Hesse, we naturally support its state-wide and municipal programs. We also work closely with Hesse's Sparkassen and their clients, especially on the foreign side."

How do you see your position developing internationally?

"Frankly, a number of German banks offer similar high-quality services, and some of them have a head start on us in the international field. Without neglecting our home base in Frankfurt, we have assembled a team of banking professionals devoted to building a strong international track record based on pragmatic banking principles, the most modern technical and support facilities, and the highest standards of client service. Banking in Frankfurt is quite competitive, and the banks who try harder for their clients and give them fast, personal service often have the edge. This is one of our major objectives."

What about your service facilities?

"We concentrate on wholesale banking and medium to long-term fixed-rate DM lending. As a German universal bank, our facilities cover the full range of commercial and investment banking services. Because we don't operate a branch network, we can devote our time and energy to wholesale banking activities.

In recent years we have strengthened our participation in international issues. And we provide comprehensive investment management and brokerage services, including securities trading. Our membership of the Frankfurt Stock Exchange facilitates dealing in quoted shares and fixed-interest securities."

And sources of funds?

"A large part of our funding is done by issuing bearer bonds and SD Certificates (Schuldscheindarlehen). The total in circulation is about DM 21 billion"

**Helaba Frankfurt**  
Hessische Landesbank - Girozentrale -

All of these securities have been sold. This announcement appears as a matter of record only.

March, 1980

691,661 Shares

**Geosource Inc.**

Common Stock

GEOSOURCE

Lehman Brothers Kuhn Loeb

Merrill Lynch White Weld Capital Markets Group

Donaldson, Lufkin &amp; Jenrette

Bache Halsey Stuart Shields

Blyth Eastman Paine Webber

Goldman, Sachs &amp; Co.

Lazard Frères &amp; Co.

Shearson Loeb Rhoades Inc.

Wertheim &amp; Co., Inc.

The First Boston Corporation

Dillon, Read &amp; Co. Inc.

E. F. Hutton &amp; Company Inc.

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### Companies and Markets

## Record loan stock issue by UOL

By Georgie Lee in Singapore

UNITED OVERSEAS LAND (UOL), one of Singapore's largest property developers, is seeking to raise \$90m (US\$40m) by way of a loan stock issue—the largest Singapore dollar denominated corporate loan stock issue ever to be floated in Singapore.

The loan stock, which will have a maximum average life of about 6½ years will have registered subscription warrants (RSW) attached to it.

The RSW is a new feature in fund raising in the local capital market and UOL's issue is the first of its kind in Singapore.

UOL has also announced results for the year ended December 1979. Group pre-tax profit rose by 12 per cent to \$9.53m but with a 73 per cent increase in the tax charge to \$6m, post-tax profit went down by 30 per cent to \$5.52m.

UOL explained that the unusually high tax charge was due to the loss in its subsidiary, Mount Echo Park Private, which could not be offset against profits of other companies in the group.

UOL has declared a first and final gross dividend of 5 per cent, one percentage point higher than the 1978 dividend.

The loan stock issue will be on the basis of \$81 nominal of loan stock for each share of \$81 par value held, and preference will be given to applications by ordinary shareholders.

Payment will be in two instalments—the first 50 per cent is to be made not later than April 26 this year, and the remainder not later than October 31 this year. Interest will be fixed at 11 per cent and will be paid annually on October 31 each year.

The RSW will be allotted free of charge to subscribers on the basis of \$81,000 worth of subscription rights for each \$81,000 nominal of loan stock subscribed. Holders of RSW will be entitled to subscribe for new shares in UOL at any time between May 31, 1980 and March 31, 1981 at a fixed price.

The price will be announced later but will be the average of the last traded prices of its ordinary shares on the Singapore Stock Exchange during a period of 10 days preceding the date of the announcement.

## INTERNATIONAL COMPANIES and FINANCE

### CHINESE SHIPPING

## Pao link marks new era

BY WILLIAM HALL, SHIPPING CORRESPONDENT

CHINA'S DECISION to link up with Sir Yue-Kong Pao, one of Hong Kong's leading ship-owners, and various Far Eastern financial interests, marks a new era in Chinese shipping policy.

The Chinese have been building up their merchant shipping fleet rapidly in recent years mainly by buying second-hand tonnage. They have spent well over \$1bn over the past four years.

However, the venture with Sir Yue-Kong Pao—International United Shipping and Investment Co.—is a new departure since the Chinese are bringing in outside partners who will have majority control.

The new company will have a paid-up capital of US\$50m and the Chinese will own 43 per cent of the shares. The remainder will be owned by Sir Yue-Kong Pao's Worldwide

Shipping, and World Finance International. The latter (WFI) is owned by World Wide Shipping and the Hongkong and Shanghai Banking Corporation—each with 37½ per cent—and the Industrial Bank of Japan (25 per cent).

According to reports from Hong Kong, the new venture will have a wide brief. It will be involved in the purchase, sale, and management of all types of ship and equipment. It will also interest itself in investment management and other ship-related business.

No decision has yet been made about where it will be headquartered, but it will have offices in Hong Kong and Bermuda. The Chinese signatories to the joint venture agreement are the China National Ship Chartering Corporation and the China Corporation of the Shipbuilding

Industry which indicates that it will not be confined to just ship operating activities.

Sir Yue-Kong Pao controls one of the largest shipping

### CHINA'S MERCHANT FLEET

	No.	Tonnage gross
1979	1,336	8.3m
1978	1,157	6.8m
1977	1,065	5.9m
1976	n.a.	5.1m

\* Includes tonnage of Taiwan.

n.a. not available.

Source: Lloyd's Register of Shipping.

fleets in the world—some 180 ships totalling 20m dwt. Although he is best known for his fleet of very large crude oil tankers, he also operates around 100 dry cargo ships and this appears to be the area of most interest to the Chinese.

He has said that he envisages the company will buy bulk carriers in the 20,000-30,000 dwt range and they may be involved in coal exports from China. Many of the ships will be built in China. The new venture will be confined initially to tramp and bulk carrier business.

The new venture is a significant development for Chinese shipping. Until now China's merchant fleet has been operated by two companies, China Ocean Shipping Company (COSCO) and China Merchant Steam Navigation Company (CMSN).

The latter is based in Hong Kong and has been one of the main outlets for China's burgeoning shipping aspirations. Aside from Chinese flag ships, China also chartered British and flags of convenience ships.

## Green Island Cement upsurge

BY ANTHONY ROWLEY IN HONG KONG

GREEN ISLAND CEMENT, headed by Mr. Li Ka-Shing, the prominent local Chinese businessman, more than doubled its net profits last year, to HK\$98.3m (US\$19.5m), reflecting the buoyancy of the local construction industry.

Mr. Li commented, however, that "there are signs that the rapid rate of increase in construction activity of the past two years is levelling off, and the keen competition to be expected in the market can already be seen. Rising energy costs and interest rates will also have an adverse impact, and the indications are that profit margins per ton will be eroded to some extent."

Green Island recently announced a partnership with interests from mainland China and from the U.S. in a HK\$1.1bn

cement plant to be built in Hong Kong, with a capacity of 1.4m tons a year. A consortium of banks put together a HK\$617m loan for the project, which is expected to contribute significantly to Green Island's profits after the start-up in 1982.

The company, which enjoyed greatly increased sales as well as profits last year, is recommending a final dividend of 70 cents a share, which will make a total distribution for the year of HK\$1.30, against 67 cents in 1978, representing an increase of 94 per cent on an adjusted basis. A one-for-five scrip issue is proposed.

THE PUBLIC offer for sale of 3m shares of HK\$5 (around US\$1) per share in Wing Lung Bank closed roughly 20 per cent

over-subscribed, the bankers to the issue, Schroders and Chartered, announced.

Applications were received for a total of just over 6m shares in this Hong Kong's first company flotation in over a year. The subscription would probably have been a good deal higher but for the recent dramatic fall in the Hong Kong stock market, following the steep international rise in interest rates, and the arrest of certain Government officials in connection with alleged corruption in the local construction industry.

The basis of allotment of shares in Wing Lung will be: applications for up to 20,000 shares granted in full; 80 per cent for those between 25,000 and 500,000 shares; and approximately 73 per cent for applications above this amount.

## Further losses for Philips Industries

BY JAMES FORTH IN SYDNEY

PHILIPS Industries Holdings, the Dutch-controlled electrical and electronics group, incurred an operating loss of A\$14m (US\$15.2m) in 1979 compared with a deficit of A\$4.74m in 1978. The group suffered additional extraordinary losses of A\$6m compared with A\$4.6m in the previous year. There is no dividend for the second year running. The last payout was 4 cents a share final dividend in 1977.

The extraordinary losses comprised a A\$1.4m write-down in the value of Philips' share-

holding in the finance company Mutual Acceptance and write-offs of previously capitalised tax benefits of A\$8m. Sales for the year rose 6 per cent to A\$402m (US\$437m).

The directors attributed the heavy loss to the termination of the group's manufacturing operations in the telephone transmission products area; rationalisation of colour television receiver production; reappraisal of the retail division; and significant losses incurred in the last quarter in writing-off slow-moving stock.

holds more than 70 per cent of the Philips Industries equity.

THE DIRECTORS of Canberra Television have advised shareholders not to sell their shares. The board said that they had been advised that some shareholders had been approached to sell their shares.

Canberra Television is 40 per cent owned by John Fairfax, the Press group. However, Fairfax has to sell its stake because of its defensive buying of shares in the media group, Herald and Weekly Times, to prevent Mr. Rupert Murdoch's News Corporation succeeding with a takeover bid.

## Profits rise at Israel Continental

By L. Daniel in Tel Aviv

ISRAEL-CONTINENTAL Bank, which is jointly owned by the German Bank für Sozialwirtschaft and Bank Hapoalim, has reported that net profits increased by 140 per cent in 1979, to reach I£ 40.5m (roughly \$1m). Its balance sheet total rose to I£ 6.1bn (\$150m) from I£ 3.6bn.

The bank has not increased its capital resources in the past two years and the increase were attributed to expansion activity, mainly in the fields of international trade and foreign exchange.

● The introduction of the Shekel in place of the Israeli pound has been announced since the end-year accounts were drawn up, at an exchange of I£ 10 to IS 1.

## Bank of Japan eases shortage of liquidity

TOKYO—The Bank of Japan has bought about ¥300bn (\$1.2bn) worth of 8 per cent national bonds from 13 Japanese commercial banks on the condition that they buy them back in a month.

The Central Bank refused to give further details, but said the buying operation is designed to ease an expected fund shortage in the short-term money market this week. Reuter

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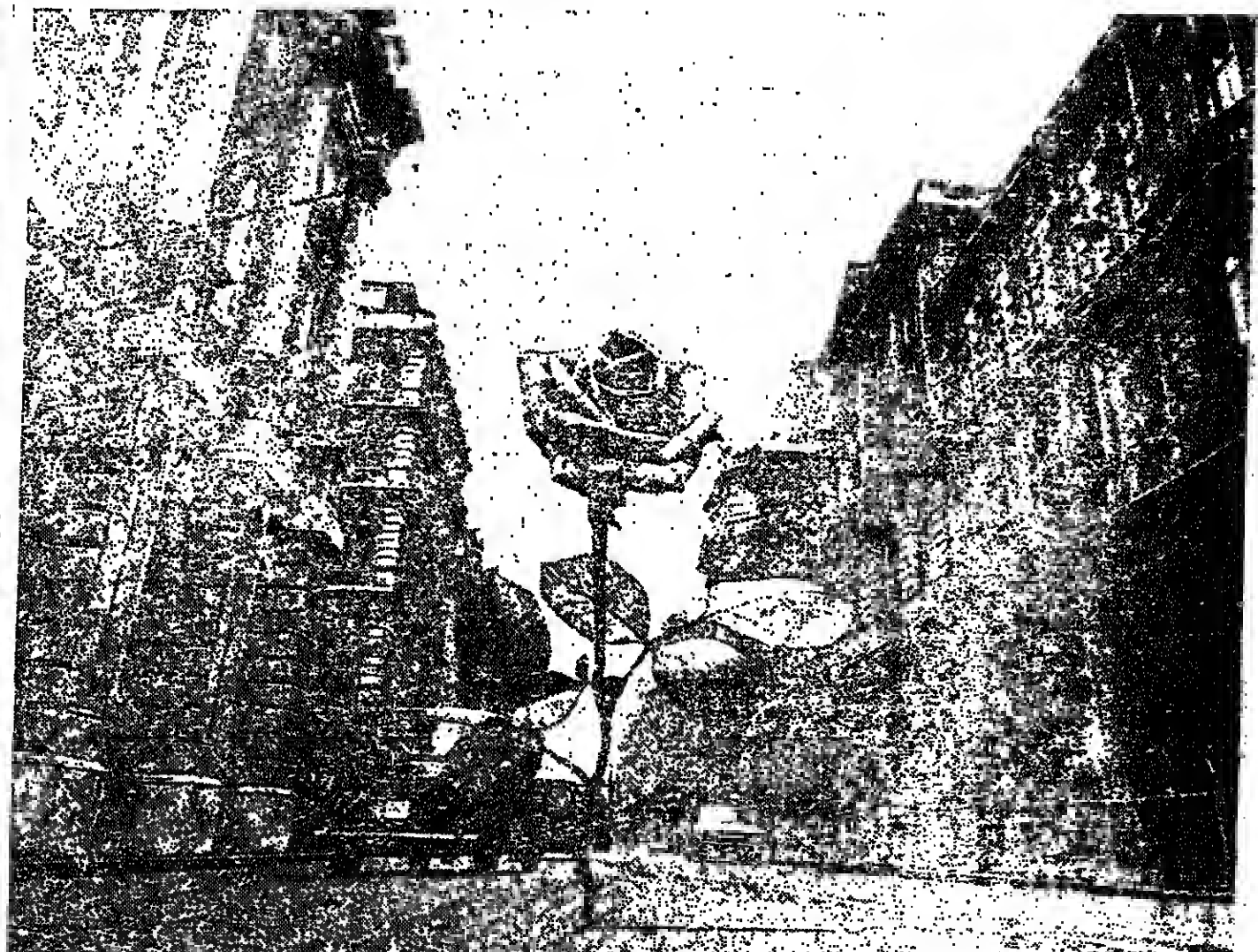
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مكازم العمل







## Companies and Markets

## WORLD STOCK MARKETS

## Wall St. 10.3 weaker at noon

## NEW YORK

Stock

Stock	Mar. 19	Mar. 20
ADP Industries	24	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 19

Stock	Mar. 19	Mar. 20
ADP Industries	24	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 20

Stock	Mar. 20	Mar. 21
ADP Industries	23 1/2	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 21

Stock	Mar. 21	Mar. 22
ADP Industries	23 1/2	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 22

Stock	Mar. 22	Mar. 23
ADP Industries	23 1/2	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
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AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 23

Stock	Mar. 23	Mar. 24
ADP Industries	23 1/2	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
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AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 24

Stock	Mar. 24	Mar. 25
ADP Industries	23 1/2	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 25

Stock	Mar. 25	Mar. 26
ADP Industries	23 1/2	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 26

Stock	Mar. 26	Mar. 27
ADP Industries	23 1/2	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 27

Stock	Mar. 27	Mar. 28
ADP Industries	23 1/2	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 28

Stock	Mar. 28	Mar. 29
ADP Industries	23 1/2	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 29

Stock	Mar. 29	Mar. 30
ADP Industries	23 1/2	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 30

Stock	Mar. 30	Mar. 31
ADP Industries	23 1/2	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 31

Stock	Mar. 31	Mar. 32
ADP Industries	23 1/2	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Stock	Mar. 32	Mar. 33
ADP Industries	23 1/2	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

THERE WAS renewed depression on Wall Street early yesterday, the market falling sharply throughout the morning as investors reacted to expectations of still higher interest rates and fears of a severe recession.

The Dow Jones Industrial Average fell 10.32 at midday to 774.83. The NYSE All Common Index recorded 87 cents to \$77.37 while declines outlasted gains by a five to one ratio. Turnover came to 18.55 million shares at noon. Volume 1.9 million shares (10M).

Oil and Mining stocks led the retreat. Houston Oil fell 1 1/2 to \$21. Gulf Canada 4 1/2 to \$24.24. Dome Petroleum 2 1/2 to \$52.32 and Giant Yellowknife 2 1/2 to \$51.94.

John Smith, of Falmouth and Co., said the market seemed to be adjusting to changing economic fundamentals. "There is a complete change in thinking from a free-spending economy to a conservative economy," he said.

The broadly-based fall embraced Defence, Oil, Computer, Drug, Bank, Motor, Steel, Copper, Aluminium, Gaming and some Silver and Gold shares.

Volume leader IBM recorded 1 1/2 to \$55.41 after falling 1 1/2 last Friday on heavy volume. NCR had yet to trade, but indications were that it would open at eight points lower. NCR forecast lower first-quarter net earnings. National Semiconductor declined 1 1/2 to \$31.92 and Xerox 1 1/2 to \$54.11.

Pennzoil retreated 1 1/2 to \$38. At least 10 people were injured and five were missing after a Pennzoil Gulf of Mexico ship blew out. Active Texas stock fell 1 1/2 to \$33.11. Mobil 1 1/2 to \$39.11 and Superior Oil 1 1/2 to \$12.74.

Toyota Motor lost 1 1/2 to \$26.11. It had arranged an additional \$10 million of credit. Last week Ford announced plans for a \$300 million debt offering. General Motors Closing prices for North America were not available for this edition.

Canada Markets continued to retreat yesterday as a broad-based early decline in moderate trading. The Toronto Composite Index declined 23.3 to 1,864.8 at midday, while Oil and Gas fell 5 1/2 to 4,134.6 and Metals and Minerals 4 1/2 to 1,886.6. The Gold Share Index, however, gained 25.7 to 3,087.7. In Montreal Banks lost 2.89 to 300.07 and Papers 1.88 to 181.52.

Tokyo Share prices were inclined to move higher in moderate trading led by Electricals, Vehicles, and some Resources Stocks. The Nikkei-Dow Jones Average finished 21.81 up at 6,567.25 while rises outlasted falls on the first trading session by 263.23. Trading volume amounted to 270 million shares.

Large asset shares, including Heiwa Real Estate up Y13 at 1,255.00, and Nippon Wool rose Y14 to Y689 and Sony Y20 to Y1,730. However, Nippon Oil declined Y20 to Y2,234. Teikoku Oil Y20

to Y1,080 and Pioneer Electronic Y20 to Y1,780, while Trading House Mitsubishi receded Y11 to Y717.

Germany Shares were mostly easier in very quiet trading, the market's mood still soured by high interest rates with little relief in sight. The Commerzbank Index was down 3.2 at a new 1980 low of 679.3.

Banks showed the sharpest downturn for any single sector with Bayerische Hypothekbank falling DM 3. and Dresdner Bank DM 2.40. However, Bayerische DM 2.50 and Neckermann rose DM 1.50 in Stores.

The Domestic Bond Market steadied slightly, with Public Authority paper registering gains of up to 10 pennings but some losses extending to 80 pennings. Mark Eurobonds remained weak, however.

Australia Mining shares were mainly easier in hesitant trading while the Oils sector and Industrials receded. The Sydney Metals and Minerals Index was down 21.67 to 4,793.38, although the All Ordinaries Index was only 0.89 easier at 784.95.

Some firms announced news of an oil strike in the Cooper Basin. The three partners in the field all advanced. Santos gave 20 cents to AS8.80, Vantas 20 cents to AS2.80 and Western Mining 8 cents to AS3.50.

Hooker strengthened 4 cents to AS1.10 still responding to news of its merger with Tooth's. Renison gained 30 cents to AS15.80, and Diamond Explorer Leakeah rose 10 cents to AS1.20.

Ashton, Central Newmarket Gold and Queensland Mines all made slight gains, but Central Pacific slight AS3 to AS3.00 and Pan-

continental, Peko-Wallard CMA and AOG were also easier. Market leaders, BHP rose 5 cents to AS11.80 while CSR treated 12 cents to AS4.92, but ANZ Banking put on 10 cents to AS4.40 and Thomas Nationwide Transport also added 10 cents to AS2.40.

Paris Some bargain hunting at the start of the new monthly trading Account caused the Paris Bourse to pick up yesterday. The CAC General Index gained 0.7 to 104.9.

Also gaining ground were Saurer-Duval, which put on 9 per cent. BCL, Race Impériale, Casino, Peugeot-Citroën, Générale d'Entreprises, Michelin, Kail, Borel, Preatal, Dolfin, Alcatel, Uta, St. Gobain and L'Oréal. Lower issues included Rouleau Cals, Kleber, Galeries Lafayette, Bellon, Somnert, Alibert, Navigation Mitré and Imet.

Johannesburg Gold Mining shares closed on a steady note following an afternoon rally in which several counters rechecked morning losses. Harries rose R2.25 to R80.50, Kloof R1.25 to R31.25 and Vaal Reefs 50 cents to R30.00.

Mining Financials were generally easier. Goldfields dropped R3 to R80.00 while De Beers eased R2 cents to R39.00. Platinums were mixed with Implats receding 10 cents to R6.40 and Rusplats gaining 10 cents to R5.40, the latter ahead of interim results.

## NEW YORK

Stock

Stock	Mar. 19	Mar. 20
ADP Industries	24	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 19

Stock	Mar. 19	Mar. 20
ADP Industries	24	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 20

Stock	Mar. 20	Mar. 21
ADP Industries	23 1/2	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 21

Stock	Mar. 21	Mar. 22
ADP Industries	23 1/2	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 22

Stock	Mar. 22	Mar. 23
ADP Industries	23 1/2	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 23

Stock	Mar. 23	Mar. 24
ADP Industries	23 1/2	23 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2
AMT	12 1/2	12 1/2

Mar. 24

Bar, Edison	22 1/2	22 1/2
Chem. Co.	22 1/2	22 1/2
Gen. Elec.	42	42 1/2
I. Eng. Tel.	53 1/2	53 1/2
Pacific	53 1/2	53 1/2
Railway	55 1/2	53 1/2
and	19 1/2	20 1/2
Sheshares	22 1/2	22 1/2
and	22 1/2	22 1/2
Mills	14 1/2	14 1/2
D.	19 1/2	18 1/2
Land	50 1/2	50 1/2
	25	26 1/2
de Paint	21 1/2	21 1/2
California	69 3/4	70 5/8
Ind. Inc.	89 1/2	89 1/2
Wks	51 1/2	51 1/2
or Chem.	15 1/2	15 1/2
or Grus	14	13 1/2
and P.	18 1/2	18 1/2
Van K.	15 1/2	15 1/2
	75 1/2	74 1/2
or Dr.	15 1/2	14 1/2
val. Str.	58 1/2	58 1/2
	154	147 1/2
	15 1/2	15 1/2
	41 1/2	43 1/2
	22 1/2	23 1/2
	28 1/2	29 1/2







## Pre-Budget lethargy persists and equities ease again but Gilts harder on hopes of favourable measures

315.0	294.8	203.0	7.92	5.40
7.93	7.90	7.95	20.39	14.53
19.73	20.34	20.43	6.96	8.90
6.18	5.97	5.94	18.722	—

Completion	Low	Mar. 24	Mar. 21
		Daily	
49 18		Cut Edged	126.6
1/1 75		Industrials	107.9
		Speculative	45.9
			115.9
			120.2
			48.8

50.53	Totals	76.2	83.2
(6/17)			
48.4	5-d 'A'vrge	128.5	126.7
(5/19/40)	Gilt Edged	124.7	125.1
45.5	Industrials	52.7	56.0
(10/17)	Speculative	88.9	87.1
	Totals		

**NEW HIGHS AND  
LOWS FOR 1979/80**

The following securities quoted in the  
Share Information Service vestered  
attained new highs and lows for 1979-80

**NEW HIGHS (9)**

**NEW LOWS (47)**

**BRITISH FUNDS (1)**  
Treas. Stock 77-80

**ELECTRICALS (2)**  
Electronic Machines - Wholesale Fittings

**INDUSTRIALS (2)**  
Royal Worcester - Tebbitt

**GILS (1)**  
Viking Oil

**PAPER (1)**  
Smith (David)

**MINES (2)**  
Marievale - Malay Dredging

**NEW LOWS (48)**

**BUILDINGS (7)**  
Tisbury Contracting

**CHEMICALS (7)**  
Ciba - Gievy & Co.

Cred. 1982-93

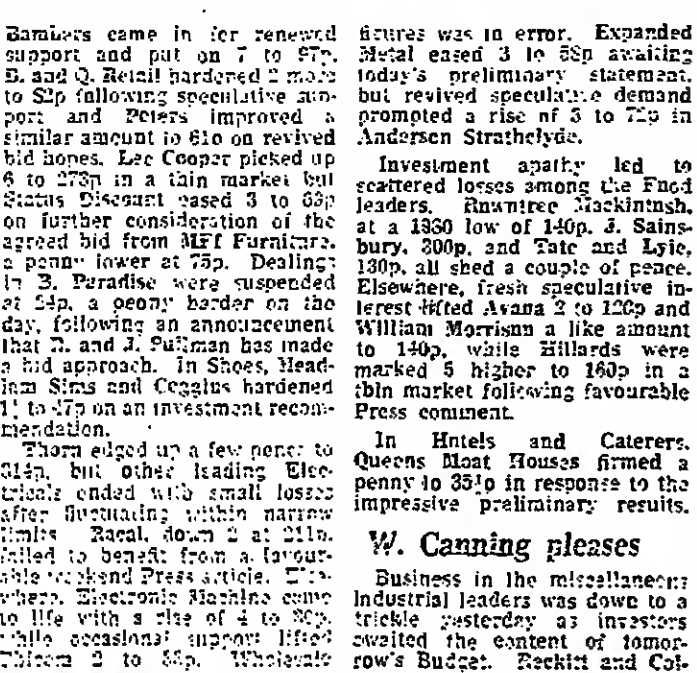
Casket St.	STORES (4)
Cos Sportswe	Liberty N-V Ord.
	Lacrosse Kilgour
Laurence Stee	ELECTRICALS (2)
	Labrador
	ENGINEERING (4)
Astra Industries	Mechanical
Buck & Decker	Rolling Engineering
Romney Inc	PODS (1)
	Maximilian
	MACHINERY (17)
Austin J.F. Lemoine	Rye L.L.I.
Polar Cores	Sterling Industries
Boddyche Int'l	St. John's Pacific
Chapman & Co.	Unifarm
I.C. Industries	Whitmore Reeve And
Intercontinental	Wilkes U.J.
Maritime Ship Canal	
Northern	
Medette & Colman	
	MOTORS (3)
Bland Bros.	Horus Motor
Dana Corp.	
	NEWSPAPERS (3)
Associated Bus.	Publ. Dir. A.
Gallies (Wm.)	
	PAPER (2)
Clay, Richard	Guard Bridge
Carleton Real	PROPERTY (1)

Garner, Scott Blair

TEXILES (6):  
Olson (David) Mackay (Hugh)  
Earls (C.) Marriot Sunbeam Wpisey  
Hicking Pentecost Tomkinsons

TOBACCOS (1)  
Rothmans

TRUSTS (1)  
Jardine Secs.



These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

FIXED INTEREST PRICE INDICES					FIXED INTEREST YIELDS		Mon. Mar. 20	Fri. Mar. 21	Year ago (approx.)
					British Gov. Ac. Gross Red.				
	Mon. Mar. 24	Day's change %	rd adj. today	rd adj. 1982 to date	1 Low	2 Coupons	15 years	15 years	15 years
British Government	100.86	+0.26	—	2.30	4	Medium 5 years	15.01	15.01	10.48
1 Under 5 years	109.21	+0.12	—	2.54	6	5 years	15.01	15.11	11.22
2 5-15 years	109.21	+0.12	—	2.54	6	Medium 5 years	14.98	14.98	11.95
3 Over 15 years	109.21	+0.12	—	2.54	6	25 years	14.59	14.49	12.23
4 Irredeemables	118.75	+0.26	—	2.11	7	High 5 years	15.11	15.12	11.58
5 All stocks	103.66	+0.17	—	2.84	10	8 Coupons 15 years	14.90	14.92	12.50
						25 years	14.77	14.77	12.59
						Irredeemables	12.50	12.53	10.94

[illegible][illegible]



# AUTHORISED UNIT TRUSTS

[illegible]

## INSURANCE PROPERTY BONDS

[illegible]

## OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page



You'll find our name in all the prominent places



National Building and Civil Engineering Contractors  
Head Office: P.O. Box 43, Warrington, Cheshire

# BRITISH FUNDS

Stock Price % Chg. % Vol. %

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Under 100

Under 100

Under 100

Under 100

Under 100

Under 100

Under 100

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## FT SHARE INFORMATION SERVICE

### FOREIGN BONDS & RAILS

Stock	Price	% Chg.	% Vol.
Antares 100	100.00		
Antares 200	200.00		
Antares 300	300.00		
Antares 400	400.00		
Antares 500	500.00		
Antares 600	600.00		
Antares 700	700.00		
Antares 800	800.00		
Antares 900	900.00		
Antares 1000	1000.00		

### AMERICANS

Stock	Price	% Chg.	% Vol.
Antares 100	100.00		
Antares 200	200.00		
Antares 300	300.00		
Antares 400	400.00		
Antares 500	500.00		
Antares 600	600.00		
Antares 700	700.00		
Antares 800	800.00		
Antares 900	900.00		
Antares 1000	1000.00		

### BEERS, WINES AND SPIRITS

Stock	Price	% Chg.	% Vol.
Antares 100	100.00		
Antares 200	200.00		
Antares 300	300.00		
Antares 400	400.00		
Antares 500	500.00		
Antares 600	600.00		
Antares 700	700.00		
Antares 800	800.00		
Antares 900	900.00		
Antares 1000	1000.00		

### COMMONWEALTH & AFRICAN LOANS

Stock	Price	% Chg.	% Vol.
Antares 100	100.00		
Antares 200	200.00		
Antares 300	300.00		
Antares 400	400.00		
Antares 500	500.00		
Antares 600	600.00		
Antares 700	700.00		
Antares 800	800.00		
Antares 900	900.00		
Antares 1000	1000.00		

### LOANS

Stock	Price	% Chg.	% Vol.
Antares 100	100.00		
Antares 200	200.00		
Antares 300	300.00		
Antares 400	400.00		
Antares 500	500.00		
Antares 600	600.00		
Antares 700	700.00		
Antares 800	800.00		
Antares 900	900.00		
Antares 1000	1000.00		

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### BANKS & HP—Continued

Stock	Price	% Chg.	% Vol.
Antares 100	100.00		
Antares 200	200.00		
Antares 300	300.00		
Antares 400	400.00		
Antares 500	500.00		
Antares 600	600.00		
Antares 700	700.00		
Antares 800	800.00		
Antares 900	900.00		
Antares 1000	1000.00		

### BEERS, WINES AND SPIRITS

Stock	Price	% Chg.	% Vol.
Antares 100	100.00		
Antares 200	200.00		
Antares 300	300.00		
Antares 400	400.00		
Antares 500	500.00		
Antares 600	600.00		
Antares 700	700.00		
Antares 800	800.00		
Antares 900	900.00		
Antares 1000	1000.00		

### COMMONWEALTH & AFRICAN LOANS

Stock	Price	% Chg.	% Vol.
Antares 100	100.00		
Antares 200	200.00		
Antares 300	300.00		
Antares 400	400.00		
Antares 500	500.00		
Antares 600	600.00		
Antares 700	700.00		
Antares 800	800.00		
Antares 900	900.00		
Antares 1000	1000.00		

### LOANS

Stock	Price	% Chg.	% Vol.
Antares 100	100.00		
Antares 200	200.00		
Antares 300	300.00		
Antares 400	400.00		
Antares 500	500.00		
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Telex: 338550. Tel: 033-2518.



**INDUSTRIALS—Continued**

Line	Stock	Price	Chg	Vol	High	Low	Open	Close
101	Ray (H) 20	250	+	2	27.21	1.8	25.41	25.41
102	Ray's Wheel 20	250	+	2	27.21	1.8	25.41	25.41
103	Reynolds 20	250	+	2	27.21	1.8	25.41	25.41
104	Rice 20	250	+	2	27.21	1.8	25.41	25.41
105	Rice 20	250	+	2	27.21	1.8	25.41	25.41
106	Rice 20	250	+	2	27.21	1.8	25.41	25.41
107	Rice 20	250	+	2	27.21	1.8	25.41	25.41
108	Rice 20	250	+	2	27.21	1.8	25.41	25.41
109	Rice 20	250	+	2	27.21	1.8	25.41	25.41
110	Rice 20	250	+	2	27.21	1.8	25.41	25.41
111	Rice 20	250	+	2	27.21	1.8	25.41	25.41
112	Rice 20	250	+	2	27.21	1.8	25.41	25.41
113	Rice 20	250	+	2	27.21	1.8	25.41	25.41
114	Rice 20	250	+	2	27.21	1.8	25.41	25.41
115	Rice 20	250	+	2	27.21	1.8	25.41	25.41
116	Rice 20	250	+	2	27.21	1.8	25.41	25.41
117	Rice 20	250	+	2	27.21	1.8	25.41	25.41
118	Rice 20	250	+	2	27.21	1.8	25.41	25.41
119	Rice 20	250	+	2	27.21	1.8	25.41	25.41
120	Rice 20	250	+	2	27.21	1.8	25.41	25.41
121	Rice 20	250	+	2	27.21	1.8	25.41	25.41
122	Rice 20	250	+	2	27.21	1.8	25.41	25.41
123	Rice 20	250	+	2	27.21	1.8	25.41	25.41
124	Rice 20	250	+	2	27.21	1.8	25.41	25.41
125	Rice 20	250	+	2	27.21	1.8	25.41	25.41
126	Rice 20	250	+	2	27.21	1.8	25.41	25.41
127	Rice 20	250	+	2	27.21	1.8	25.41	25.41
128	Rice 20	250	+	2	27.21	1.8	25.41	25.41
129	Rice 20	250	+	2	27.21	1.8	25.41	25.41
130	Rice 20	250	+	2	27.21	1.8	25.41	25.41
131	Rice 20	250	+	2	27.21	1.8	25.41	25.41
132	Rice 20	250	+	2	27.21	1.8	25.41	25.41
133	Rice 20	250	+	2	27.21	1.8	25.41	25.41
134	Rice 20	250	+	2	27.21	1.8	25.41	25.41
135	Rice 20	250	+	2	27.21	1.8	25.41	25.41
136	Rice 20	250	+	2	27.21	1.8	25.41	25.41
137	Rice 20	250	+	2	27.21	1.8	25.41	25.41
138	Rice 20	250	+	2	27.21	1.8	25.41	25.41
139	Rice 20	250	+	2	27.21	1.8	25.41	25.41
140	Rice 20	250	+	2	27.21	1.8	25.41	25.41
141	Rice 20	250	+	2	27.21	1.8	25.41	25.41
142	Rice 20	250	+	2	27.21	1.8	25.41	25.41
143	Rice 20	250	+	2	27.21	1.8	25.41	25.41
144	Rice 20	250	+	2	27.21	1.8	25.41	25.41
145	Rice 20	250	+	2	27.21	1.8	25.41	25.41
146	Rice 20	250	+	2	27.21	1.8	25.41	25.41
147	Rice 20	250	+	2	27.21	1.8	25.41	25.41
148	Rice 20	250	+	2	27.21	1.8	25.41	25.41
149	Rice 20	250	+	2	27.21	1.8	25.41	25.41
150	Rice 20	250	+	2	27.21	1.8	25.41	25.41
151	Rice 20	250	+	2	27.21	1.8	25.41	25.41

**INSURANCE—Continued**

Stock	Price	Chg	52 Wk	Div	Yld	P/E	High
40	Western (A) 10p	213	+4	2.70	1.6	9.5	322
41	Do Warrants	213	0				263
42	Leit & Co.	213	-1	16.51	1.8	8.4	243
43	Leit & Co.	213	-2	8.75	1.8	8.4	243
44	Leit & Co.	213	-2	15.72	1.8	8.4	243
45	Leit & Co.	213	-2	15.72	1.8	8.4	243
46	Leit & Co.	213	-2	15.72	1.8	8.4	243
47	Leit & Co.	213	-2	15.72	1.8	8.4	243
48	Leit & Co.	213	-2	15.72	1.8	8.4	243
49	Leit & Co.	213	-2	15.72	1.8	8.4	243
50	Leit & Co.	213	-2	15.72	1.8	8.4	243
51	Leit & Co.	213	-2	15.72	1.8	8.4	243
52	Leit & Co.	213	-2	15.72	1.8	8.4	243
53	Leit & Co.	213	-2	15.72	1.8	8.4	243
54	Leit & Co.	213	-2	15.72	1.8	8.4	243
55	Leit & Co.	213	-2	15.72	1.8	8.4	243
56	Leit & Co.	213	-2	15.72	1.8	8.4	243
57	Leit & Co.	213	-2	15.72	1.8	8.4	243
58	Leit & Co.	213	-2	15.72	1.8	8.4	243
59	Leit & Co.	213	-2	15.72	1.8	8.4	243
60	Leit & Co.	213	-2	15.72	1.8	8.4	243
61	Leit & Co.	213	-2	15.72	1.8	8.4	243
62	Leit & Co.	213	-2	15.72	1.8	8.4	243
63	Leit & Co.	213	-2	15.72	1.8	8.4	243
64	Leit & Co.	213	-2	15.72	1.8	8.4	243
65	Leit & Co.	213	-2	15.72	1.8	8.4	243
66	Leit & Co.	213	-2	15.72	1.8	8.4	243
67	Leit & Co.	213	-2	15.72	1.8	8.4	243
68	Leit & Co.	213	-2	15.72	1.8	8.4	243
69	Leit & Co.	213	-2	15.72	1.8	8.4	243
70	Leit & Co.	213	-2	15.72	1.8	8.4	243
71	Leit & Co.	213	-2	15.72	1.8	8.4	243
72	Leit & Co.	213	-2	15.72	1.8	8.4	243
73	Leit & Co.	213	-2	15.72	1.8	8.4	243
74	Leit & Co.	213	-2	15.72	1.8	8.4	243
75	Leit & Co.	213	-2	15.72	1.8	8.4	243
76	Leit & Co.	213	-2	15.72	1.8	8.4	243
77	Leit & Co.	213	-2	15.72	1.8	8.4	243
78	Leit & Co.	213	-2	15.72	1.8	8.4	243
79	Leit & Co.	213	-2	15.72	1.8	8.4	243
80	Leit & Co.	213	-2	15.72	1.8	8.4	243
81	Leit & Co.	213	-2	15.72	1.8	8.4	243
82	Leit & Co.	213	-2	15.72	1.8	8.4	243
83	Leit & Co.	213	-2	15.72	1.8	8.4	243
84	Leit & Co.	213	-2	15.72	1.8	8.4	243
85	Leit & Co.	213	-2	15.72	1.8	8.4	243
86	Leit & Co.	213	-2	15.72	1.8	8.4	243
87	Leit & Co.	213	-2	15.72	1.8	8.4	243
88	Leit & Co.	213	-2	15.72	1.8	8.4	243
89	Leit & Co.	213	-2	15.72	1.8	8.4	243
90	Leit & Co.	213	-2	15.72	1.8	8.4	243
91	Leit & Co.	213	-2	15.72	1.8	8.4	243
92	Leit & Co.	213	-2	15.72	1.8	8.4	243
93	Leit & Co.	213	-2	15.72	1.8	8.4	243
94	Leit & Co.	213	-2	15.72	1.8	8.4	243
95	Leit & Co.	213	-2	15.72	1.8	8.4	243
96	Leit & Co.	213	-2	15.72	1.8	8.4	

## PROPERTY—Continued

Stock	Price	Ch	%	NE
Brown Leads	112	+2.5	2.3	2.0
Polvaco Eas. 100	237	1.91	2.7	4.8
Plum & Ind. 100	239	1.91	2.7	4.8
Co. Portland 100	239	1.91	2.7	4.8
Green Seal 100	122	+1.87	1.5	1.5
Green Seal 50	122	+1.87	1.5	1.5
Green Seal 25	122	+1.87	1.5	1.5
Green Seal 10	122	+1.87	1.5	1.5
Green Seal 5	122	+1.87	1.5	1.5
Green Seal 2.5	122	+1.87	1.5	1.5
Green Seal 1.25	122	+1.87	1.5	1.5
Green Seal .625	122	+1.87	1.5	1.5
Green Seal .3125	122	+1.87	1.5	1.5
Green Seal .15625	122	+1.87	1.5	1.5
Green Seal .078125	122	+1.87	1.5	1.5
Green Seal .0390625	122	+1.87	1.5	1.5
Green Seal .01953125	122	+1.87	1.5	1.5
Green Seal .009765625	122	+1.87	1.5	1.5
Green Seal .0048828125	122	+1.87	1.5	1.5
Green Seal .00244140625	122	+1.87	1.5	1.5
Green Seal .001220703125	122	+1.87	1.5	1.5
Green Seal .0006103515625	122	+1.87	1.5	1.5
Green Seal .00030517578125	122	+1.87	1.5	1.5
Green Seal .000152587890625	122	+1.87	1.5	1.5
Green Seal .0000762939453125	122	+1.87	1.5	1.5
Green Seal .00003814697265625	122	+1.87	1.5	1.5
Green Seal .000019073486328125	122	+1.87	1.5	1.5
Green Seal .0000095367431640625	122	+1.87	1.5	1.5
Green Seal .00000476837158203125	122	+1.87	1.5	1.5
Green Seal .000002384185791015625	122	+1.87	1.5	1.5
Green Seal .0000011920928955078125	122	+1.87	1.5	1.5
Green Seal .00000059604644775390625	122	+1.87	1.5	1.5
Green Seal .000000298023223876953125	122	+1.87	1.5	1.5
Green Seal .0000001490116119384765625	122	+1.87	1.5	1.5
Green Seal .00000007450580596923828125	122	+1.87	1.5	1.5
Green Seal .000000037252902984619140625	122	+1.87	1.5	1.5
Green Seal .00000001862645149230571015625	122	+1.87	1.5	1.5
Green Seal .000000009313225746115353578125	122	+1.87	1.5	1.5
Green Seal .00000000465661287305767893828125	122	+1.87	1.5	1.5
Green Seal .000000002328306436528839394640625	122	+1.87	1.5	1.5
Green Seal .0000000011641532182644196973203125	122	+1.87	1.5	1.5
Green Seal .00000000058207660913222484848430625	122	+1.87	1.5	1.5
Green Seal .000000000291038304566112424242153125	122	+1.87	1.5	1.5
Green Seal .000000000145519152283061212121065625	122	+1.87	1.5	1.5
Green Seal .0000000000727595761415306060603125	122	+1.87	1.5	1.5
Green Seal .00000000003637978807076530303015625	122	+1.87	1.5	1.5
Green Seal .000000000018189894035376151515078125	122	+1.87	1.5	1.5
Green Seal .0000000000090949470176875757575390625	122	+1.87	1.5	1.5
Green Seal .00000000000454747350884378787876953125	122	+1.87	1.5	1.5
Green Seal .000000000002273736754421893939384765625	122	+1.87	1.5	1.5
Green Seal .0000000000011368683772210469696923828125	122	+1.87	1.5	1.5
Green Seal .00000000000056843418860234848484119140625	122	+1.87	1.5	1.5
Green Seal .000000000000284217094301174242420596875	122	+1.87	1.5	1.5
Green Seal .0000000000001421085471505871212102984375	122	+1.87	1.5	1.5
Green Seal .000000000000071054285575293560606015625	122	+1.87	1.5	1.5
Green Seal .0000000000000355271427876465303030078125	122	+1.87	1.5	1.5
Green Seal .00000000000001776357139382326515150390625	122	+1.87	1.5	1.5
Green Seal .000000000000008881785696916262627596875	122	+1.87	1.5	1.5
Green Seal .0000000000000044408928484831313137984375	122	+1.87	1.5	1.5
Green Seal .00000000000000222044642424156262639921875	122	+1.87	1.5	1

**INVESTMENT TRUSTS—Cont.**

Stock	Price	Chg.	Vol.	High	Low	Open	Close
100 659	100 659						
100 660	100 660						
100 661	100 661						
100 662	100 662						
100 663	100 663						
100 664	100 664						
100 665	100 665						
100 666	100 666						
100 667	100 667						
100 668	100 668						
100 669	100 669						
100 670	100 670						
100 671	100 671						
100 672	100 672						
100 673	100 673						
100 674	100 674						
100 675	100 675						
100 676	100 676						
100 677	100 677						
100 678	100 678						
100 679	100 679						
100 680	100 680						
100 681	100 681						
100 682	100 682						
100 683	100 683						
100 684	100 684						
100 685	100 685						
100 686	100 686						
100 687	100 687						
100 688	100 688						
100 689	100 689						
100 690	100 690						
100 691	100 691						
100 692	100 692						
100 693	100 693						
100 694	100 694						
100 695	100 695						
100 696	100 696						
100 697	100 697						
100 698	100 698						
100 699	100 699						
100 700	100 700						
100 701	100 701						
100 702	100 702						
100 703	100 703						
100 704	100 704						
100 705	100 705						
100 706	100 706						
100 707	100 707						
100 708	100 708						
100 709	100 709						
100 710	100 710						
100 711	100 711						
100 712	100 712						
100 713	100 713						
100 714	100 714						
100 715	100 715						
100 716	100 716						
100 717	100 717						
100 718	100 718						
100 719	100 719						
100 720	100 720						
100 721	100 721						
100 722	100 722						
100 723	100 723						
100 724	100 724						
100 725	100 725						
100 726	100 726						
100 727	100 727						
100 728	100 728						
100 729	100 729						
100 730	100 730						
100 731	100 731						
100 732	100 732						
100 733	100 733						
100 734	100 734						

**FINANCE, LAND—Continued**

3000	Low	Stock	Price	+ -	Net	Chg	7/24
25	14	East. Euro. Grp.	171	+	71.7	4.4	5.7
26	15	London Inv. Sp.	17	+	17	5.8	5.7
27	16	Int. Merch.	106	+	106	1.0	1.0
28	17	S. & G. World	112	+	112	1.0	1.0
29	18	Mag. Ind.	116	+	116	1.0	1.0
30	19	Int. (R.P.)	116	+	116	1.0	1.0
31	20	Int. (R.P.)	116	+	116	1.0	1.0
32	21	Int. (R.P.)	116	+	116	1.0	1.0
33	22	Int. (R.P.)	116	+	116	1.0	1.0
34	23	Int. (R.P.)	116	+	116	1.0	1.0
35	24	Int. (R.P.)	116	+	116	1.0	1.0
36	25	Int. (R.P.)	116	+	116	1.0	1.0
37	26	Int. (R.P.)	116	+	116	1.0	1.0
38	27	Int. (R.P.)	116	+	116	1.0	1.0
39	28	Int. (R.P.)	116	+	116	1.0	1.0
40	29	Int. (R.P.)	116	+	116	1.0	1.0
41	30	Int. (R.P.)	116	+	116	1.0	1.0
42	31	Int. (R.P.)	116	+	116	1.0	1.0
43	32	Int. (R.P.)	116	+	116	1.0	1.0
44	33	Int. (R.P.)	116	+	116	1.0	1.0
45	34	Int. (R.P.)	116	+	116	1.0	1.0
46	35	Int. (R.P.)	116	+	116	1.0	1.0
47	36	Int. (R.P.)	116	+	116	1.0	1.0
48	37	Int. (R.P.)	116	+	116	1.0	1.0
49	38	Int. (R.P.)	116	+	116	1.0	1.0
50	39	Int. (R.P.)	116	+	116	1.0	1.0
51	40	Int. (R.P.)	116	+	116	1.0	1.0
52	41	Int. (R.P.)	116	+	116	1.0	1.0
53	42	Int. (R.P.)	116	+	116	1.0	1.0
54	43	Int. (R.P.)	116	+	116	1.0	1.0
55	44	Int. (R.P.)	116	+	116	1.0	1.0
56	45	Int. (R.P.)	116	+	116	1.0	1.0
57	46	Int. (R.P.)	116	+	116	1.0	1.0
58	47	Int. (R.P.)	116	+	116	1.0	1.0
59	48	Int. (R.P.)	116	+	116	1.0	1.0
60	49	Int. (R.P.)	116	+	116	1.0	1.0
61	50	Int. (R.P.)	116	+	116	1.0	1.0
62	51	Int. (R.P.)	116	+	116	1.0	1.0
63	52	Int. (R.P.)	116	+	116	1.0	1.0
64	53	Int. (R.P.)	116	+	116	1.0	1.0
65	54	Int. (R.P.)	116	+	116	1.0	1.0
66	55	Int. (R.P.)	116	+	116	1.0	1.0
67	56	Int. (R.P.)	116	+	116	1.0	1.0
68	57	Int. (R.P.)	116	+	116	1.0	1.0
69	58	Int. (R.P.)	116	+	116	1.0	1.0
70	59	Int. (R.P.)	116	+	116	1.0	1.0
71	60	Int. (R.P.)	116	+	116	1.0	1.0
72	61	Int. (R.P.)	116	+	116	1.0	1.0
73	62	Int. (R.P.)	116	+	116	1.0	1.0
74	63	Int. (R.P.)	116	+	116	1.0	1.0
75	64	Int. (R.P.)	116	+	116	1.0	1.0
76	65	Int. (R.P.)	116	+	116	1.0	1.0
77	66	Int. (R.P.)	116	+	116	1.0	1.0
78	67	Int. (R.P.)	116	+	116	1.0	1.0
79	68	Int. (R.P.)	116	+	116	1.0	1.0
80	69	Int. (R.P.)	116	+	116	1.0	1.0
81	70	Int. (R.P.)	116	+	116	1.0	1.0
82	71	Int. (R.P.)	116	+	116	1.0	1.0
83	72	Int. (R.P.)	116	+	116	1.0	1.0
84	73	Int. (R.P.)	116	+	116	1.0	1.0
85	74	Int. (R.P.)	116	+	116	1.0	1.0
86	75	Int. (R.P.)	116	+	116	1.0	1.0
87	76	Int. (R.P.)	116	+	116	1.0	1.0
88	77	Int. (R.P.)	116	+	116	1.0	1.0
89	78	Int. (R.P.)	116	+	116	1.0	1.0
90	79	Int. (R.P.)	116	+	116	1.0	1.0
91	80	Int. (R.P.)	116	+	116	1.0	1.0
92	81	Int. (R.P.)	116	+	116	1.0	1.0
93	82	Int. (R.P.)	116	+	116	1.0	1.0
94	83	Int. (R.P.)	116	+	116	1.0	1.0
95	84	Int. (R.P.)	116	+	116	1.0	1.0
96	85	Int. (R.P.)	116	+	116	1.0	1.0
97	86	Int. (R.P.)	116	+	116	1.0	1.0
98	87	Int. (R.P.)	116	+	116	1.0	1.0
99	88	Int. (R.P.)	116	+	116	1.0	1.0
100	89	Int. (R.P.)	116	+	116	1.0	1.0
101	90	Int. (R.P.)	116	+	116	1.0	1.0
102	91	Int. (R.P.)	116	+	116	1.0	1.0
103	92	Int. (R.P.)	116	+	116	1.0	1.0
104	93	Int. (R.P.)	116	+	116	1.0	1.0
105	94	Int. (R.P.)	116	+	116	1.0	1.0
106	95	Int. (R.P.)	116	+	116	1.0	1.0
107	96	Int. (R.P.)	116	+	116	1.0	1.0
108	97	Int. (R.P.)	116	+	116	1.0	1.0
109	98	Int. (R.P.)	116	+	116	1.0	1.0
110	99	Int. (R.P.)	116	+	116	1.0	1.0
111	100	Int. (R.P.)	116	+	116	1.0	1.0
112	101	Int. (R.P.)	116	+	116	1.0	1.0
113	102	Int. (R.P.)	116	+	116	1.0	1.0
114	103	Int. (R.P.)	116	+	116	1.0	1.0
115	104	Int. (R.P.)	116	+	116	1.0	1.0
116	105	Int. (R.P.)	116	+	116	1.0	1.0
117	106	Int. (R.P.)	116	+	116	1.0	1.0
118	107	Int. (R.P.)	116	+	116	1.0	1.0
119	108	Int. (R.P.)	116	+	116	1.0	1.0
120	109	Int. (R.P.)	116	+	116	1.0	1.0
121	110	Int. (R.P.)	116	+	116	1.0	1.0
122	111	Int. (R.P.)	116	+	116	1.0	1.0
123	112	Int. (R.P.)	116	+	116	1.0	1.0
124	113	Int. (R.P.)	116	+	116	1.0	1.0
125	114	Int. (R.P.)	116	+	116	1.0	1.0
126	115	Int. (R.P.)	116	+	116	1.0	1.0
127	116	Int. (R.P.)	116	+	116	1.0	1.0
128	117	Int. (R.P.)	116	+	116	1.0	1.0
129	118	Int. (R.P.)	116	+	116	1.0	1.0
130	119	Int. (R.P.)	116	+	116	1.0	1.0

Oil & Gas	Low	Stock	Price	+ -	Net	Chg	7/24
434	108	Atank Energy LI	358	+18	11	—	—
435	109	Atank Energy LI	358	+18	11	—	—
436	110	Atank Energy LI	358	+18	11	—	—
437	111	Atank Energy LI	358	+18	11	—	—
438	112	Atank Energy LI	358	+18	11	—	—
439	113	Atank Energy LI	358	+18	11	—	—
440	114	Atank Energy LI	358	+18	11	—	—
441	115	Atank Energy LI	358	+18	11	—	—
442	116	Atank Energy LI	358	+18	11	—	—
443	117	Atank Energy LI	358	+18	11	—	—
444	118	Atank Energy LI	358	+18	11	—	—
445	119	Atank Energy LI	358	+18	11	—	—
446	120	Atank Energy LI	358	+18	11	—	—
447	121	Atank Energy LI	358	+18	11	—	—
448	122	Atank Energy LI	358	+18	11	—	—
449	123	Atank Energy LI	358	+18	11	—	—
450	124	Atank Energy LI	358	+18	11	—	—
451	125	Atank Energy LI	358	+18	11	—	—
452	126	Atank Energy LI	358	+18	11	—	—
453	127	Atank Energy LI	358	+18	11	—	—
454	128	Atank Energy LI	358	+18	11	—	—
455	129	Atank Energy LI	358	+18	11	—	—
456	130	Atank Energy LI	358	+18	11	—	—
457	131	Atank Energy LI	358	+18	11	—	—
458	132	Atank Energy LI	358	+18	11	—	—
459	133	Atank Energy LI	358	+18	11	—	—
460	134	Atank Energy LI	358	+18	11	—	—
461	135	Atank Energy LI	358	+18	11	—	—
462	136	Atank Energy LI	358	+18	11	—	—
463	137	Atank Energy LI	358	+18	11	—	—
464	138	Atank Energy LI	358	+18	11	—	—
465	139	Atank Energy LI	358	+18	11	—	—
466	140	Atank Energy LI	358	+18	11	—	—
467	141	Atank Energy LI	358	+18	11	—	—
468	142	Atank Energy LI	358	+18	11	—	—
469	143	Atank Energy LI	358	+18	11	—	—
470	144	Atank Energy LI	358	+18	11	—	—
471	145	Atank Energy LI	358	+18	11	—	—
472	146	Atank Energy LI	358	+18	11	—	—
473	147	Atank Energy LI	358	+18	11	—	—
474	148	Atank Energy LI	358	+18	11	—	—
475	149	Atank Energy LI	358	+18	11	—	—
476	150	Atank Energy LI	358	+18	11	—	—
477	151	Atank Energy LI	358	+18	11	—	—
478	152	Atank Energy LI	358	+18	11	—	—
479	153	Atank Energy LI	358	+18	11	—	—
480	154	Atank Energy LI	358	+18	11	—	—
481	155	Atank Energy LI	358	+18	11	—	—
482	156	Atank Energy LI	358	+18	11	—	—
483	157	Atank Energy LI	358	+18	11	—	—
484	158	Atank Energy LI	358	+18	11	—	—
485	159	Atank Energy LI	358	+18	11	—	—
486	160	Atank Energy LI	358	+18	11	—	—
487	161	Atank Energy LI	358	+18	11	—	—
488	162	Atank Energy LI	358	+18	11	—	—
489	163	Atank Energy LI	358	+18	11	—	—
490	164	Atank Energy LI	358	+18	11	—	—
491	165	Atank Energy LI	358	+18	11	—	—
492	166	Atank Energy LI	358	+18	11	—	—
493	167	Atank Energy LI	358	+18	11	—	—
494	168	Atank Energy LI	358	+18	11	—	—
495	169	Atank Energy LI	358	+18	11	—	—
496	170	Atank Energy LI	358	+18	11	—	—
497	171	Atank Energy LI	358	+18	11	—	—
498	172	Atank Energy LI	358	+18	11	—	—
499	173	Atank Energy LI	358	+18	11	—	—
500	174	Atank Energy LI	358	+18	11	—	—

Overseas Traders	Low	Stock	Price	+ -	Net	Chg	7/24
340	118	African Overseas	250	—	4.4	—	—
341	119	African Overseas	250	—	4.4	—	—
342	120	African Overseas	250	—	4.4	—	—
343	121	African Overseas	250	—	4.4	—	—
344	122	African Overseas	250	—	4.4	—	—
345	123	African Overseas	250	—	4.4	—	—
346	124	African Overseas	250	—	4.4	—	—
347	125	African Overseas	250	—	4.4	—	—
348	126	African Overseas	250	—	4.4	—	—
349	127	African Overseas	250	—	4.4	—	—
350	128	African Overseas	250	—	4.4	—	—
351	129	African Overseas	250	—	4.4	—	—
352	130	African Overseas	250	—	4.4	—	—
353	131	African Overseas	250	—	4.4	—	—
354	132	African Overseas	250	—	4.4	—	—
3							

1980		Stock	Price	+ or -	Div. Net	C/W
High	Low					

1980		Stock	Price	+ or -	Div. Net	C/W
High	Low					

[illegible]

**TINS.**

[illegible]

**COPPER**

MISCELLANEOUS			
160	78½	Anglo-Dominion	155
97	53	Barymin	72
141	12	Bureta Mines 17½	13½
502	330	Cons. Murch. 10c.	410
585	350	Northgate CS1	390
485	327	R.T. Z.	365
335	34	Robt. Mines	27½
32	58	Sabina Inds. CS1	40
630	485	Tala Exports \$1	560

**NOTES**

**NOTES**

Unless otherwise indicated, prices and net dividends are in U.S. dollars and denominated in U.S. dollars. Estimated prices/earnings ratios and cover: are based on latest annual reports and accounts and, where possible, are tabulated on half-yearly figures. P/E ratios are calculated "net" distribution basis, earnings per share being company profit after taxation and nonvoted AGT where appropriate. Dividend figures indicate: 10 per cent or more dividend calculated on "all" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to projected earnings. Dividend coverage is not indicated for companies with no dividends.

taxation, excluding exceptional gains, losses and estimated extent of offsettable ACT. Yields are based on prices, are gross, adjusted to ACT of 30 per cent and allow for

- 4.9 \* "Tap Stock.
- 2.1 \* Highs and Lows marked that have been adjusted to allow
- 5.2 issues for cash.
- 5.6 † Interim since increased or resumed.
- 5.4 ‡ Interim since reduced, passed or deferred.
- 4.9 †† Tax-free to non-residents on application.
- 5.0 † Figures or report awaited.
- 9.0 †† Unlisted security.
- 5.0 † Price at time of suspension.

4 Indicated dividend after pending scrip and/or rights issue  
relates to previous dividends or forecasts.  
6.0 4 Merger bid or reorganization in progress.

- Ⓢ Not comparable.
- Ⓢ Same interim: reduced final and/or reduced earnings in
- 9.7 Ⓢ Forecast dividend; cover on earnings updated by latest
- 8.2 Ⓢ statement.
- Ⓢ Cover allows for conversion of shares not now ranking for
- or ranking only for restricted dividend.
- Ⓢ Cover does not allow for shares which may also rank for div
- a future date. No P/E ratio usually provided.
- Ⓢ Excluding a final dividend declaration.
- Ⓢ Regional price.
- Ⓢ No par value.

6.0 % Yield based on assumption Treasury Bill Rate stays unchanged.  
5.3 maturity of stock. <sup>a</sup> Tax free. <sup>b</sup> Figures based on prospectus.  
10.8 official estimate. <sup>c</sup> Corps. <sup>d</sup> Dividend rate paid or payable.

capital; cover based on dividend end full capital. e Redeem-  
 3.1 Flat yield. g Assumed dividend and yield. h Assumed dividend  
 yield after scrip issue. i Payment from capital sources  
 m Intervin higher than previous total. n Rights issue  
 15.6 e Earnings based on preliminary figures. o Dividend and yield  
 8.6 a special payment. f Indicated dividend: cover relates to  
 8.8 dividend. P/E ratio based on latest annual earnings. v  
 13.2 dividend: cover based on previous year's earnings. w Tax  
 7.8 30% in the £. x Yield allows for currency clause. y Dividend  
 21.9 based on merger terms. z Dividend and yield include a special  
 22.2 Cover does not apply to special payment. A Net dividend and

6.4 Preference dividend passed or deferred. E Commitment. E  
8.6 tender price. F Dividend and yield based on prospectus or other  
9.6 assumptions for 1979-80. G Assumed dividend and yield after

script and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend based on prospectus or other official estimates for 1979. O Dividend based on prospectus or other official estimates for 1978-79. P T figures assumed. Z Dividend total in date.

Abbreviations: nl ex dividend; nr ex scrip issue; xr ex rights issue; all; xr ex capital distribution.

## REGIONAL MARKET

The following is a selection of London quotations of Shares listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish Stock Exchange.

		IRISH	
4.3	Aberdeen Inv. 20p	28	Conv. 9% 10/82
11.1	Berlamin	18	Fin. 10% 84/87
7.7	Bgg Wrk. Etc. 50p	345	Nat. 13% 97/02
11.0	Clover Craft	60	Alliance Gas
8.4	Craig & Rose £1	510p	Arnott
	File Forge	320p	Carroll (P.L.)
	Finlay Pkg. 5p	21	Canal
	Grain Shm. £1	850	

4.0	Higsons Brew.....	75	.....	Concrete Prod.....	8
10.0	Holt (Jos) 25c.....	235	.....	Helton (Hlgs.).....	3
	I.O.M. Stm. 13.....	165	.....	Ins. Corp.....	23

16.7	Pearce (C. H.)	363	.....	Wren Kapers	3
10.6	Peel Mills	371	.....	Jacobs	13
11.3	Sherr. Restrmt.	265	.....	T.M.G.	20
5.1	Sordall (Wm.)		.....	Unknown	
9.5					
13.9					

## OPTIONS

### 3-month Call Rates

A. Brew	8	Imps	7	Vickers
BDC Inst.	6	I.C.L.	45	Woolworths
			5	

4.5	B.S.N.	12	12	15	Property
4.4	Babcock	13	13	14	Bril. Land
4.3	Barclays Bank	14	14	10	Cap. Countd.
4.2	Beecham	15	15	24	Land Sees.
7.5	Blue Circle	16	16	2	MEPC
3.9	Boots	17	17	1	Peachey
6.5	Boustons	18	18	20	Samuel Prod.
5.7	B.T.	19	19	9	Town & City
3.8	Brown (J.)	20	20	3	
3.5	Burton A	21	21	3	
4.9	Cardbury	22	22	3	
3.8	Courtaulds	23	23	3	
		24	24	3	
		25	25	3	
		26	26	3	
		27	27	3	
		28	28	3	
		29	29	3	
		30	30	3	
		31	31	3	
		32	32	3	
		33	33	3	
		34	34	3	
		35	35	3	
		36	36	3	
		37	37	3	
		38	38	3	
		39	39	3	
		40	40	3	
		41	41	3	
		42	42	3	
		43	43	3	
		44	44	3	
		45	45	3	
		46	46	3	
		47	47	3	
		48	48	3	
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		50	50	3	
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		87	87	3	
		88	88	3	
		89	89	3	
		90	90	3	
		91	91	3	
		92	92	3	
		93	93	3	
		94	94	3	
		95	95	3	
		96	96	3	
		97	97	3	
		98	98	3	
		99	99	3	

Debenhams	8	Nat. West. Bank	32	Burmah Oil
Distillers	21	P A O Ltd.	9	Charterhall
Dunlop	52	Plessey	16	KCA

5.8	Galaxy Star	24	Rural Elec.	20	None
10.0	F.N.F.C.	19	R.H.M.	19	Premier
4.4	Can. Electric	21	Rank Org.	17	Shel
6.0	Can. Accident	20	Reed Intrl.	18	Tricentrol
2.7	Glass	19	Sears	17	Ultramar
4.5	Grand Met.	12	Tesco	7	
8.2	G.U.S. 'A'	30	Thorn	25	Milnes
4.3	Guardian	23	Trust Houses	14	Charter Cos.
6.5	G.N.I.	16	Tube Invest.	40	Cans. Gold
5.0	Hawker Std.	22	Unilever	27	Lombie
7.3	House of Fraser	12	U.D.T.	4	Rio T. Zinc

A selection of Options traded is given on the  
London Stock Exchange Report page

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